REGISTRATION DOCUMENT

including the annual financial report

2017

Europcar

CONTENTS

REGISTRATION DOCUMENT 2017

including the annual financial report

General comments

This Registration Document (hereinafter the "Registration Document") also includes:

- the annual financial report that must be prepared and published, by all companies whose securities are admitted to trading on a regulated market, within four months of the end of each fiscal year, in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General regulation; and
- the annual management report of the Management Board of Europcar S.A., which must be submitted to the General Meeting of Shareholders called to approve the financial statements of each fiscal year, in accordance with Articles L. 225-100 et seq. of the French Commercial Code.

Two cross-reference tables presented in Section 7.7 of this Registration Document on pages 404 to 406 identify the information related to these two reports.

In this Registration Document, the terms the "Company", "Europcar Groupe" and "Europcar Groupe S.A." mean the Europcar Groupe company, the holding company of the Group, and the words, "Europcar" and "the Group" should be understood as references to Europcar Groupe S.A. and all companies included in the consolidation scope.

In this Registration Document and unless otherwise specified, 2017 figures related to the Corporate Countries:

- include data related to Buchbinder, a group of companies acquired by Europcar on September 20, 2017, for the period from September 1, 2017 to December 31, 2017. It is specified that the consolidated statement of financial position of Europcar Groupe as of December 31, 2017 includes the statement of financial position of Buchbinder; but the consolidated statement of income of Europcar Groupe only includes the statement of income of Buchbinder for the above-mentioned period;
- include data related to Ostergaard Biler A/S and NordCar Finance A/S, the former Danish franchisee acquired by Europcar on April 27, 2017, for the period from May 1, 2017 to December 31, 2017. It is specified that the consolidated statement of financial position of Europcar Groupe as of December 31, 2017 includes the statement of financial position of the Danish subsidiary; but the consolidated statement of income of Europcar Groupe only includes the statement of income of the Danish subsidiary for the above-mentioned period. Figures related to franchisees thus include the data related to the Danish franchisee for the period from January 1, 2017 to April 30, 2017;
- exclude, unless otherwise specified, data related to Goldcar, a group of companies acquired by Europcar on December 19, 2017, except for the consolidated statement of financial position of Europcar Groupe as of December 31, 2017 which includes the statement of financial position of Goldcar.

Pursuant to Article 28 of EU regulation 809/2004, the following information is incorporated by reference in this Registration Document:

- the consolidated financial statements of the Group for the year ended December 31, 2016 contained in Section 3.4 of the Registration Document filed with the AMF on April 12, 2017 under number R. 17-015 (the "2016 Registration Document"), on page 145 *et seq.*;
- the report of the Statutory Auditors on the consolidated financial statements of the Group for the year ended December 31, 2016, contained in Section 3.4 of the 2016 Registration Document, on pages 215 and 216 (inclusive);
- the comparison of results for the years ended December 31, 2016 and 2015, contained in Section 3.1.2 of the 2016 Registration Document, on pages 109 to 119 (inclusive);
- the consolidated financial statements of the Group for the year ended December 31, 2015 contained in Section 3.4 of the Registration Document filed with the AMF on April 14, 2016 under number R. 16-021 the "2015 Registration Document", on page 147 *et seq.*;
- the report of the Statutory Auditors on the consolidated financial statements of the Group for the year ended December 31, 2015, contained in Section 3.4 of the 2015 Registration Document, on pages 243-244 (inclusive);
- the comparison of results for the years ended December 31, 2015 and 2014, contained in Section 3.1.2 of the 2015 Registration Document, on pages 109 to 120 (inclusive).

The Sections of these documents not included by reference in this document are either irrelevant to current investors or are addressed in another part of the Registration Document.

AUTORITÉ DES MARCHÉS FINANCIERS AMF

Pursuant to its general regulation, notably Article 212-13, the French Financial Markets Authority (the "AMF") registered this Registration Document on April 20, 2018 under number R. 18-020. This document may only be used in support of a financial transaction if supplemented by a securities note approved by the AMF. It was prepared by the issuer and is the responsibility of its signatories.

It was registered, pursuant to the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code, after the AMF had verified that it is complete and comprehensible, and that the information it contains is consistent. It does not imply authentication by the AMF of the accounting and financial information contained therein.

Copies of this Registration Document may be obtained free of charge from Europcar Groupe S.A., 2 rue René Caudron, Bâtiment OP, 78960 Voisins-le-Bretonneux, as well as on the websites of Europcar Groupe (www.europcar-group.com) and the AMF (www.amf-france.org).

MESSAGE FROM THE CHAIRWOMAN OF THE MANAGEMENT BOARD

CAROLINE PAROT

Chairwoman of the Management Board

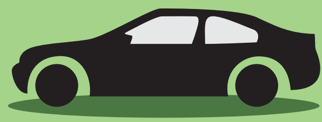
"Fiscal year 2017 was a pivotal year for the Europcar Group, during which we significantly developed our activities thanks to the acceleration of our acquisition plan. The Buchbinder and Goldcar acquisitions transform the Group and contribute to the achievement of the 2020 Ambition.

In 2017, our performance was historic both in terms of revenue and adjusted corporate EBITDA. We closed several significant and strategic acquisitions for the Group, and we launched structuring programs in the digitalization field and in the improvement of our customer experience. The Group indeed reached a revenue of 2.4 million euros, an increase of 12% compared to 2016, and an adjusted Corporate EBIDTA of 264 million euros, an increase of 4% compared to 2016.

We will now dedicate all our efforts to transforming the Group, integrating recently acquired companies, achieving expected synergies, pursuing digitalization of the customer experience and developing our footprint worldwide, while maintaining our operational excellence. We are particularly thrilled to accelerate the digital transformation of the Group for our clients and to keep investing in new mobility services in order to successfully position the Group in the rising mobility ecosystem, which should offer high growth perspectives by 2025.

This year, we made a decisive step towards our 2020 Ambition plan; I would like to thank our clients for their renewed trust, and all our employees, franchisees and partners, who are the image and the heart of the Europcar Group throughout the world."

GROUP
HISTORY



1949 Founding of Europcar in Paris by Raoul-Louis Mattei under the name “l’Abonnement Automobile”

1951 Creation of the “Europcars®” brand.

1970 Raoul-Louis Mattei sells Europcars to Régie Renault.

1973 Creation of subsidiaries in Germany, Belgium, the Netherlands and Switzerland.

1974 The “s” disappeared, the brand then became “Europcar®”. Creation of subsidiaries in Spain, the UK, Italy and Portugal.

1988 Renault is replaced by Compagnie des Wagons-lits and then Volkswagen. InterRent and Europcar merge.

1991 Acquisition of Compagnie des Wagons-lits by Accor, which thus becomes the shareholder of Europcar International.

1996 The subsidiaries in Switzerland and the Netherlands are acquired by franchisees.

2003 Europcar becomes the European car rental leader thanks to a strategy based on the increase in the number of operating franchises and the development of numerous sales partnerships with travel agents, airlines companies, etc.

2004 Creation of Europcar Asia Pacific, comprising nine countries. Europcar also opens up to South America.

2005 Europcar joins the United Nations Global Compact launched by Kofi Annan at the World Economic Forum in Davos. The Group has thus adopted the ten fundamental principles of the Global Compact concerning the respect of Human Rights, Labor standards, the environment and the fight against corruption.

2006 eurazeo

Eurazeo takes control of Europcar, becoming the sole shareholder of Europe’s number one car rental group.

2015 Success of Europcar’s Initial Public Offering. The story of Europcar has convinced a very wide range of French and international investors, who have joined the Group in its new development phase.

2016 Acquisition by Europcar of its Irish franchisee, bringing the number of the Group’s Corporate Countries to 10.

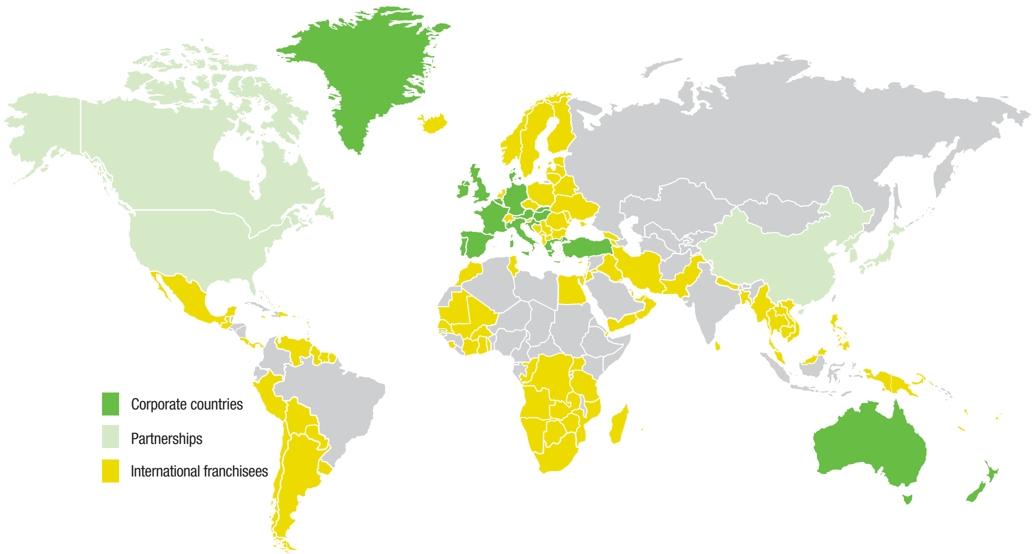
2017 **Acquisition by Europcar of several companies, of which Goldcar, Buchbinder and the Danish franchisee, bringing the number of the Group’s Corporate Countries to 18 at the end of 2017**

PRESENTATION OF THE GROUP

The Europcar Group is one of the major players in mobility markets. Europcar Groupe is a company listed on Euronext Paris. The Group offers a wide variety of mobility solutions to serve all the needs of its clients.The Group operates under several brands, the main ones of which are Europcar®, Goldcar®, InterRent® and Ubeeqo®. The Group is active worldwide through a dense network in 133 countries (16 wholly-owned subsidiaries in Europe, 2 in Australia and New-Zealand, as well as franchisees and partners).

A DENSE NETWORK OF LOCAL STATIONS

to serve clients worldwide



133
Countries and territories

248,547
Average rental fleet

3,680
Points of sales worldwide

1,976
Stations operated directly or by agents

1,704
Stations operated as franchises

A 5 BUSINESS UNIT ORGANIZATION

reflecting the Group's operational strategy

CARS
To reinforce the Group's leading position in Europe

VANS & TRUCKS
To become the European leader

LOW COST
To become the European leader

NEW MOBILITY
To address new usages, to anticipate trends and future needs

INTERNATIONAL COVERAGE
To expand the Group's services globally

GROUP
PERFORMANCE IN 2017

REVENUE

2,412

millions of euros

(+12.1% vs. 2016)

ADJUSTED CORPORATE EBITDA

264

millions of euros

(+3.9% vs. 2016)

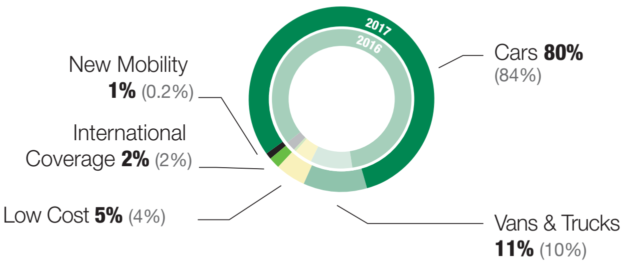
NET PROFIT

61

millions of euros

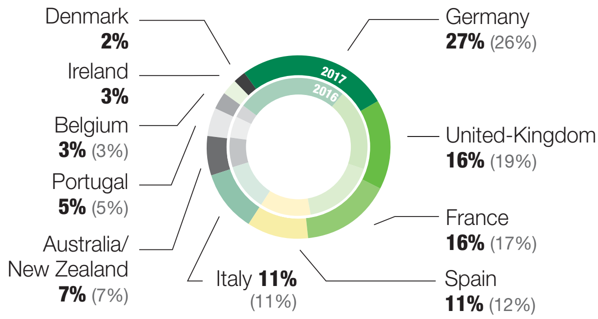
BREAKDOWN OF REVENUE

BY BUSINESS UNIT



BREAKDOWN OF VEHICLE RENTAL INCOME

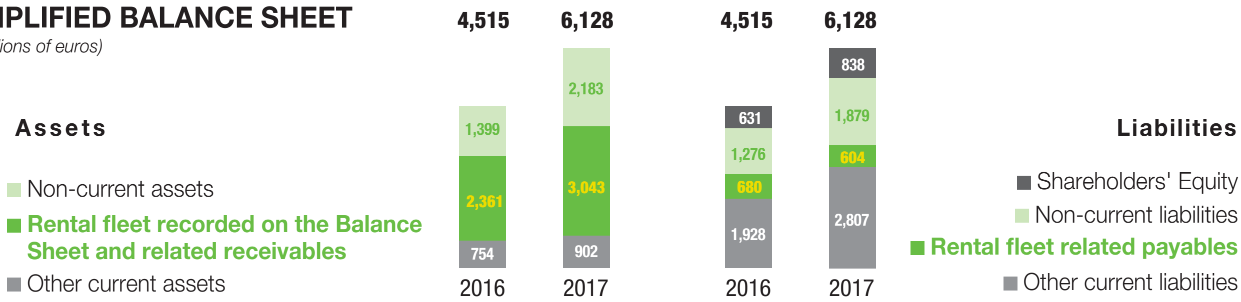
BY CORPORATE COUNTRY



Percentages under brackets correspond to 2016 figures.

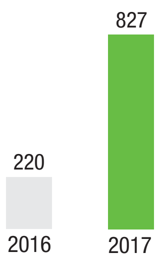
SIMPLIFIED BALANCE SHEET

(in millions of euros)

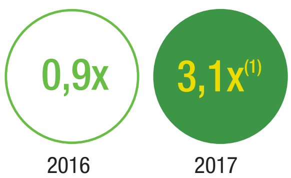


NET CORPORATE DEBT

(in millions of euros)

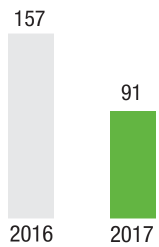


CORPORATE DEBT LEVERAGE



CORPORATE FREE CASH FLOW

(in millions of euros)

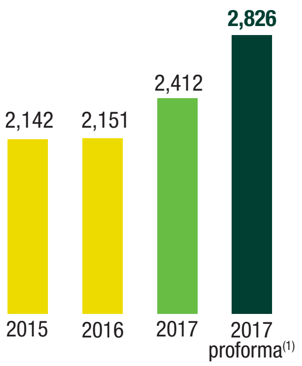


LONG-TERM RATING

(1) *Proforma Corporate debt leverage of 2.6x corresponding to the corporate net debt divided by the proforma adjusted corporate EBITDA. The proforma figures were calculated as if the acquisitions of Buchbinder and Goldcar had occurred on January 1, 2017. Calculation details are provided in note 3.2 of the Group consolidated financial statements presented in Section 3.4 of this Registration Document.*

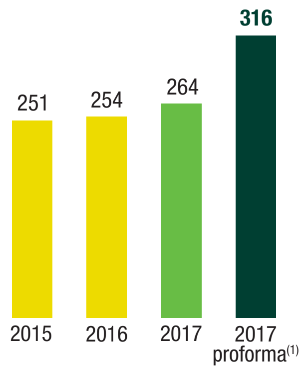
CHANGE IN REVENUE

(in millions of euros)



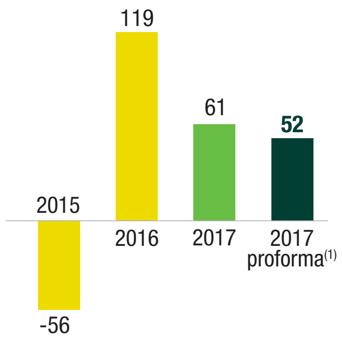
CHANGE IN ADJUSTED CORPORATE EBITDA

(in millions of euros)



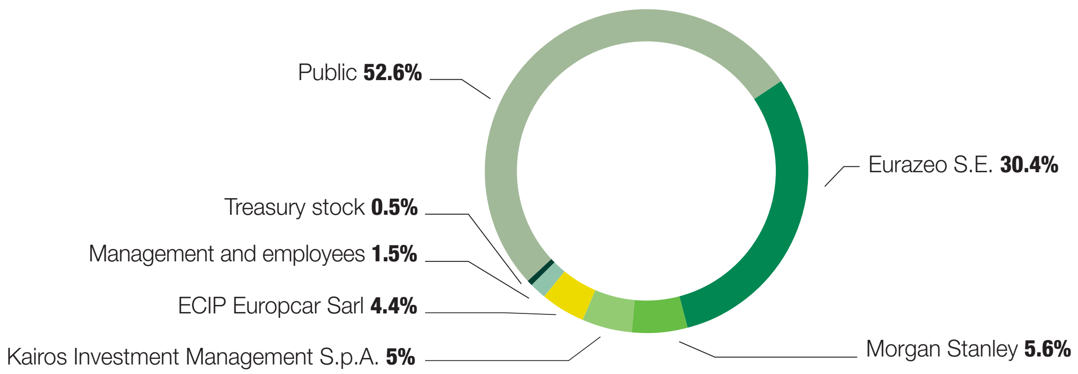
CHANGE IN NET PROFIT/ (LOSS)

(in millions of euros)



(1) The 12-month pro forma figures presented above were calculated as if the acquisition of Buchbinder and Goldcar had occurred on January 1, 2017. Details of calculations are provided in note 3.2 of the consolidated financial statements presented in Section 3.4 of this Registration Document.

CAPITAL DISTRIBUTION AS OF DECEMBER 31, 2017



SHAREHOLDER RETURN

DIVIDEND PER SHARE

€0.42	€0.15
2016	2017

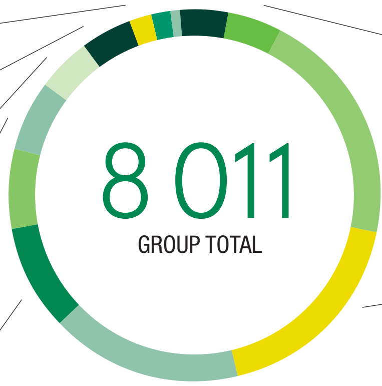
DIVIDEND PAYOUT RATIO

50%	40%
2016	2017

CORPORATE SOCIAL RESPONSIBILITY IN 2017

WORFORCE DISTRIBUTION

by country as of December 31, 2017



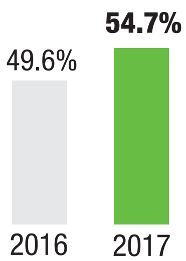
- New Zealand **64**
- Belgium **129**
- Ubeeqo **163**
- Ireland **347**
- Portugal **377**
- Italy **499**
- Australia **539**
- Spain **751**
- Europcar International, Europcar Groupe and Europcar Lab **341**
- Shared Services Center **376**
- Germany **1,662**
- France **1,441**
- United-Kingdom **1,322**

GENDER BALANCE

53.6%
(51.7% in 2016)

46.4%
(48.3% in 2016)

NET PROMOTER SCORE



5.7 millions
clients worldwide

80%
Employees benfiting from training during the year
(76% in 2016)

1.46%
Employee shareholding

Best European Auto-Mobility Services Operator 2017 awarded by the financial newspaper CFI.co (Capital Finance International)

2005
NOUS SOUTENONS LE PACTE MONDIAL
Year the Group committed to the sustainable development principles of the United Nations Global Compact

C
oekom research
Assessment of the Group environmental, social and governance performance by the Oekom Research non-financial rating agency (+3 ranks vs. 2016)

75%
Gaïa RATING
Assessment of the Group's environmental, social and governance performance by the Gaïa Rating non-financial rating agency (+14 points vs. 2016)

C
CDP DISCLOSURE INSIGHT ACTION
Assessment of the Europcar Group's environmental policy and low-carbon strategy to fight against climate change by the CDP organization (Carbon Disclosure Project)

19th
ETHICS & BOARDS
Group gender rating. Ethics & Boards study carried out by the French Secretary of State in charge of equality between women and men (+51 ranks vs. 2016)

CORPORATE

GOVERNANCE

MANAGEMENT BOARD

Caroline Parot
Chairwoman of
the Management Board
Since November 23, 2016

Kenneth McCall
Deputy CEO -
Countries & Operations
Since July 22, 2016

Fabrizio Ruggiero
Deputy CEO - Sales Marketing,
Customers & Low Cost
Since July 22, 2016

SUPERVISORY BOARD

In 2017, the Supervisory Board relied upon two specialized committees: the Audit Committee and the Compensation and Nominations Committee.

Jean-Paul Bailly ◉
Chairman of the
Supervisory Board

Pascal Bazin ◉
Vice-Chairman of
the Supervisory Board
President of the
Compensation and
Nominations Committee

Kristin Neumann ◉
President of the Audit
Committee

Philippe Audouin
Member of the Audit
Committee

Virginie Fauvel ◉
Member of the Audit
Committee

Eric Schaefer
Member of the
Compensation and
Nominations Committee

Angélique Gérard ◉
Member of the
Compensation and
Nominations Committee

Amandine Ayrem

Sanford Miller ◉

Patrick Sayer

◉ *Independent member of the Supervisory Board*

60% INDEPENDENT MEMBERS

40% WOMEN

20% NON-FRENCH MEMBERS

52 AVERAGE AGE

82% AVERAGE ATTENDANCE RATE TO SUPERVISORY BOARD MEETINGS

OVERVIEW OF EUROPCAR AND ITS ACTIVITIES

In this Registration Document and unless otherwise specified, 2017 figures related to the Corporate Countries:

- include data related to Buchbinder, a group of companies acquired by Europcar on September 20, 2017, for the period from September 1, 2017 to December 31, 2017. It is specified that Buchbinder's statement of financial position is consolidated in Europcar Groupe's financial statements as of December 31, 2017, but Buchbinder's income statement is consolidated in Europcar Groupe's financial statements only for the aforementioned period;
- include data related to the Danish companies Østergaard Biler A/S and NordCar Finance A/S, a former franchisee of the Group acquired by Europcar on April 27, 2017, for the period from May 1, 2017 to December 31, 2017. It is specified that the statement of financial position of the former Danish franchisee is consolidated in Europcar Groupe's financial statements as of December 31, 2017, but that the income statement of the former Danish franchisee is only consolidated in Europcar Groupe's financial statements for the aforementioned period. The figures provided for the franchisees therefore include data related to the former Danish franchisee for the period from January 1, 2017 to April 30, 2017;
- exclude, unless specified otherwise, data related to Goldcar, a group of companies acquired by Europcar on December 19, 2017, with the exception of Goldcar's statement of financial position, which is consolidated in Europcar Groupe's financial statements as of December 31, 2017.

1.1 KEY FIGURES

The tables below present selected operational, financial and non-financial figures that are of importance to the Group and illustrate its performance at a global level.

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") adopted by the European Union as of December 31, 2017.

The financial figures relating to the years ending December 31, 2015, 2016 and 2017 are derived from the consolidated financial statements audited by Mazars and PricewaterhouseCoopers and presented in Chapter 3 of this document.

The glossary presented in Section 7.8 of this document provides definitions for all non-Gaap indicators used by the Group to monitor its performance. Reconciliations with Gaap indicators are provided in Chapter 3 of the Registration Document, in Sections 3.1 "*Analysis of the Group's results*" and 3.2 "*The Group's Liquidity and Capital Resources*", or directly in the consolidated financial statements in Section 3.4 of this document. All non-Gaap indicators presented in this Chapter are marked with an *.

1.1.1 Operating figures

	Year ended December 31		
	2017	**2016**	**2015**
Rental day volume * *(in millions)*	69.3	59.9	57.1
Average rental fleet * *(in thousands)*	248.5	213.8	205.4
Fleet utilization rate * *(in %)*	76.4%	76.5%	76.1%
Points of sale worldwide *(in units)*	3,680	3,754	3,582
▪ of which stations operated directly or by agents	1,976	1,719	1,654
▪ of which stations operated as franchises	1,704	2,035	1,928

1.1.2 Financial figures

In millions of euros, unless stated otherwise	2020 Objectives	Year ended December 31 2017	2016	2015
Revenue	> 3,000	2,412	2,151	2,142
*Organic growth in revenue * (in %)*		*3.4%*	*2.6%*	*5.7%*
Vehicle rental income *		2,255	2,002	1,992
Revenue per rental day – RPD * *(in euros)*		32.6	33.4	34.9
Average monthly costs per fleet unit * *(in euros)*		(243)	(245)	(253)
Adjusted corporate EBITDA *		264	254	251
Adjusted corporate EBITDA margin * (1) *(in %)*	> 14% (1)	11.8%	11.8%	11.7%
Net profit/(loss)		61.1	119.3	(56)
Net corporate *debt* *		827	220	235
Corporate debt *leverage* * *(in %)*		3.1x	0.9x	0.9x
Net fleet debt *		4,061	3,045	2,822
Total net debt *		4,888	3,265	3,057
Corporate free cash flow *		91	157	86
Conversion rate for corporate free cash flow * *(in %)*		34%	62%	35%
Basic earnings per share *(in euros)*		0,422	0,834	(0,449)
Diluted earnings per share *(in euros)*		0,420	0,825	(0,449)
Dividend per share for fiscal year (2) *(in euros)*		0.15	0.42	-
Dividend payout ratio * *(in %)*		40%	50%	-

(1) Excluding New Mobility Business Unit and Buchbinder. For more information on the Group's Business Units, see Section 1.6.1 "Overview of businesses".
(2) Dividend subject to approval of the Annual General Meeting on May 17, 2018.

1.1.3 Non-financial figures

	Year ended December 31 2017	2016	2015
Net Promoter Score – NPS * (1) *(in %)*	54.7%	49.6%	44.8%
Full-time employee (FTE) (2)	7,441	6,461	6,324
Headcount at year-end (3)	8,011	7,044	6,560
Workforce distribution			
■ Head Offices	38.7%	36.1%	37.6%
■ Stations	61.3%	63.9%	62.4%
Gender breakdown			
■ Men	53.6%	51.7%	50.3%
■ Women	46.4%	48.3%	49.7%
CO_2 emissions of the average fleet (in gCO_2/km)	116	116	118

(1) As a result of a change in the mode of collecting the questionnaires in May 2015 (returned only by email), the NPS for 2015 and 2016 correspond to the weighted average over the May-December period for both years.
(2) The figure corresponds to the sum of the number of full time employees for each month of the year divided by twelve.
(3) The figure corresponds to the sum of the permanent and non-permanent workforce as of December 31, 2017. See Section 4.3.1.1 "Group operations and breakdown of workforce" for more information.

1.2 GROUP HISTORY AND SIGNIFICANT EVENTS

1.2.1 History and evolution of the Group

The Group's origins date back to 1949, with the creation in Paris of the car rental company L'Abonnement Automobile by Mr. Raoul-Louis Mattei and the pooling in 1961 of the networks of L'Abonnement Automobile and of Système Europcars, another car rental company based in Paris. In 1965, the two groups officially merged to form the Compagnie Internationale Europcars. After its acquisition by the French car manufacturer Renault in 1970, the Compagnie Internationale Europcars was developed throughout Europe, in particular through new subsidiaries and the acquisition of existing business segments. The Compagnie Internationale Europcars' corporate name (the holding company acting as franchisor) was changed to Europcar International in 1981.

In 1988, Wagons-Lits acquired Europcar International from Renault and then sold 50% of the share capital of Europcar International to Volkswagen AG. At the same time, Europcar International merged with the German car rental network InterRent, whose sole shareholder was Volkswagen AG. Accor acquired Wagons-Lits in 1991 and became a shareholder with a 50% stake in Europcar International, while Volkswagen held the remaining 50%. In December 1999, Volkswagen AG acquired Accor's stake, thus becoming the sole shareholder of Europcar International. Starting in 1999, the Group actively expanded beyond Europe, in particular through the development of franchises.

On May 31, 2006, Eurazeo acquired, through the Company (created for such purpose) the entirety of the share capital of Europcar International from Volkswagen AG.

In 2006, the Group continued its expansion through external growth and acquired Keddy N.V. (Belgium) and Ultramar Cars S.L. (Spain).

In 2007, the Group acquired the UK headquartered operations of National Car Rental and Alamo Rent A Car covering Europe, the Middle East and Africa (EMEA zone) from Vanguard Car Rental Holdings LLC ("Vanguard"). Vanguard was subsequently acquired by Enterprise Holdings, Inc. ("Enterprise"). From 2008 to 2013, the Group had a commercial alliance with Enterprise relating to the National® and Alamo® brands operated by Europcar. This alliance ended in August 2013, although the Group continued to operate the brands National® and Alamo® in EMEA until March 2015.

In addition, in 2007, the Group acquired one of its Spanish franchisees, Betacar.

In 2008, the Group expanded its direct present in Asia-Pacific through the acquisition of ECA Car Rental, its main franchisee in Asia-Pacific, operating in Australia and New Zealand.

In 2011, the Group started its development of new mobility solutions by establishing a strategic joint venture with Daimler AG to create Car2go Europe GmbH (this investment was sold in early 2018; see Section 1.2.3 "Significant post-closing events").

In 2013, the Group deployed its low cost brand in Europe, InterRent®, dedicated to leisure travelers. InterRent® offers a competitive vehicle rental service without compromising quality of service. As of December 31, 2014, InterRent® was deployed in six Corporate Countries in Europe (France, Germany, Italy, Portugal, Spain and the United Kingdom) and 40 countries through the franchise network.

At the end of 2014, the Group acquired, through its French subsidiary Europcar France, 100% of the shares of EuropHall, an important franchisee of Europcar France for the "East" region. The Group also acquired a stake of 70.64% in Ubeeqo, a French start-up created in 2008 that offers car-sharing solutions. At the date of this Registration Document, Ubeeqo is 100%-owned by Europcar Lab SAS, a French subsidiary of the Group, and operates in France, Belgium, Germany, the United Kingdom, Spain (*via* BlueMove) and Italy (*via* GuidaMi).

On June 26, 2015, the Group was successfully listed on the regulated market of Euronext Paris.

In July 2015, the Group acquired, *via* its English subsidiary Europcar Lab UK, a majority stake of 60.8% in E-Car Club, the United Kingdom's first all-electric pay-per-use car club.

On December 18, 2015, the Group joined the SBF 120 stock market index comprising the 120 top stocks in terms of liquidity and market capitalization, listed on Euronext Paris.

In 2016, the Group acquired its third-largest French franchisee, Locaroise, and its Irish franchisee, GoCar, the leading car-sharing company in Ireland. The latter acquisition brought the number of Corporate Countries to 10.

In 2017, the Group acquired several companies, of which Buchbinder, a major player in the German and Austrian markets, Goldcar, the largest European low cost company and its Danish franchisee. These acquisitions brought the number of Corporate Countries from 10 to 18.

1.2.2 Significant events during fiscal year 2017

1.2.2.1 Acquisitions and investments

Acquisition of the minority stake held by the founders in Ubeeqo

On February 17, 2017, Europcar acquired the minority interest held by the founders of Ubeeqo, representing around 24% of the capital of Ubeeqo International. As a result, Europcar Groupe now indirectly holds, through its subsidiary Europcar Lab (the entity devoted to innovation), 100% of the capital and voting rights of Ubeeqo International through its Europcar Lab subsidiary.

Acquisition of the Danish franchisee

On April 27, 2017, Europcar acquired its Danish Franchisee, thus accelerating the extension of its network of Corporate Countries (from 10 to 11 countries) and strengthening its car rental and Vans & Trucks footprints. Europcar Denmark has a strong nationwide network of 40 branches throughout the country, both locally and at major airports; it operates a fleet of more than 6,000 vehicles and has a strong customer base of both leisure and business customers.

Acquisition of Buchbinder

On May 24, 2017, Europar announced the signing of an agreement to acquire Buchbinder, one of the largest car rental companies in Germany and Austria. Germany is the largest country for the Europcar Group in terms of revenue and, through the acquisition of Buchbinder, the Group intends to improve its penetration of the medium-priced segment and become the market leader in the local Vans & Trucks market. Buchbinder has an extensive network of 152 stations and 5 agents, an average fleet of around 20,000 vehicles and is also present in Italy, Hungary and Slovakia. The combination of Buchbinder and Europcar Germany's Vans & Truck businesses drives the expansion of the low cost business in Southern Europe.

On September 20, 2017, Europcar finalized the acquisition of Buchbinder after receiving approval from the antitrust authorities.

Investment in SnappCar

On May 23, 2017, Europcar acquired a 20% minority investment through Europcar Lab (the entity dedicated to innovation) in SnappCar, a peer-to-peer car sharing start-up. Europcar joined a consortium of two existing shareholders (AutoBinck Group and Studio Founders) for a total investment of €10 million. The objective for Europcar is to develop its mobility offer and enlarge its customer base, in line with the Group's ambition to become a global mobility solutions leader.

Acquisition of Goldcar

On June 19, 2017, Europcar announced the signature of an agreement with Investindustrial to acquire 100% of Goldcar, Europe's largest low cost rental company. Goldcar is a major low cost operator in Europe thanks to its strong position in Spain and Portugal and this acquisition allows Europcar to improve its exposure to three major growth engines: the Mediterranean region, the leisure segment and the low cost segment. This acquisition creates value for the Europcar Group by strengthening the Group's expertise and know-how in low cost operations and significantly improves the revenue growth prospects of Europcar's low cost business unit. The transaction is expected to generate at least €30 million of cost synergies.

On December 5, 2017, Europcar received the approval of the EU Commission to acquire Goldcar and finalized the transaction on December 19, 2017.

Other acquisitions

The Group also acquired its Australian franchisee on March 9, 2017, the French company Lor'rent on July 31, 2017 and the Luxemburg company InterRent Sarl on December 20, 2017.

1.2.2.2 Strategic partnerships

Strategic partnership with Shouqi Car Rental in China

On January 12, 2017, Europcar Groupe and Shouqi Car Rental, one of the leading car rental companies in China and part of the Beijing Tourism Group, announced a worldwide commercial partnership. This partnership represents an excellent opportunity for Europcar to benefit from the growing flow of Chinese tourists throughout the world – particularly in Europe – and to give its customers access to one of the leading car rental networks in China. This cooperation between Europcar and Shouqi is a key strategic step for the two organizations, whose networks are complementary, to extend their global reach.

Partnership with Lufthansa

On March 24, 2017, Europcar and Lufthansa announced a partnership offering the German airlines customers an easy access to Europcar mobility solutions and network coverage in 133 countries and territories around the world at the end of 2017.

Extension of partnership with EasyJet

On May 31, 2017, Europcar and EasyJet announced a two-year extension of their partnership, which has been in place for 13 years. This partnership has allowed millions of customers to benefit from preferential rates on rental services offered in the 31 countries the company flies to, and contributed to customer loyalty over the long term. The objective of the Group and its partner is to keep offering customers innovative solutions and respond to their new mobility needs.

1.2.2.3 Capital increase and other financings

Successful capital increase *via* a private placement

On June 20, 2017, following the signature of the agreement to acquire Goldcar, Europcar announced the launch of a capital increase through the issuance of ordinary shares, without preferential subscription rights, via a private placement to qualified and institutional investors in France and abroad.

On June 21, 2017, the Group announced the success of the capital increase through the placement of 14,612,460 new ordinary shares at a price per share of €12.00, including share premium, for a total of €175,349,520, representing approximately 10% of Europcar Groupe's ordinary shares pre-capital raise. Settlement for the new shares occurred on June 23, 2017.

Completion of a new €500 million revolving credit facility

On July 13, 2017, the Group signed a new secured €500 million Revolving Credit Facility (RCF) with a diversified pool of international banks. This Facility, which replaced the existing €350 million Senior Revolving Credit Facility, will mature in June 2022. The Group has optimized the financing cost of this new RCF by a 25 bps reduction of the applicable margin. The €150 million increase of the nominal amount will allow the Group to support its 2020 ambition and related financing needs.

Completion of a bridge facility

On July 13, 2017, the Group also signed a €1,040 million Bridge Facility with a pool of international banks dedicated to the acquisition of Goldcar, the refinancing of its existing debts and the financing of its fleet. This facility included two tranches:

- a €440 million tranche with a 12-month maturity (which can be extended for an additional 6-month period) dedicated to the acquisition of Goldcar;
- a €600 million tranche with a 12-month maturity (which can be extended for an additional 12-month period) dedicated to the refinancing of Goldcar existing debt and the financing of its fleet of vehicles.

The Group canceled the first tranche of this Bridge Facility at the closing of the acquisition of Goldcar on December 19, 2017, thanks to the proceeds of the Group's new €600 million corporate bond issuance in November 2017 (refer below to "*Issuance of €600 million senior notes and €350 million senior secured notes*"). The Group also canceled the second tranche of the Bridge Facility at the time the acquisition was finalized and replaced it by a new €450 million Asset-Backed Bridge Facility secured by the fleet assets of Goldcar (refer below to "*Completion of a new €450 million asset-backed bridge facility*").

Issuance of €600 million senior notes and €350 million senior secured notes

On October 16, 2017, Europcar announced the launch of an offering of €600 million 4.125% senior notes due 2024 by Europcar Drive D.A.C., a special purpose vehicle (the "2024 Subordinated Notes"). Concurrently, Europcar announced the launch of a €350 million 2.375% issuance of senior secured notes due 2022 by EC Finance Plc (the "EC Finance Notes").

On October 19, 2017, Europcar announced the success of the dual round of bond issuances: the 2024 Subordinated Notes and the EC Finance Notes. The delivery, settlement and the listing of the notes on the EuroMTF market of the Luxembourg Stock Exchange occurred on November 2, 2017. Europcar used the proceeds from the issuance of the EC Finance Notes for the full early redemption of EC Finance Plc's outstanding 5.125% €350 million notes due 2021, and used the proceeds from the issuance of the 2024 Subordinated Notes for the:

- financing of the consideration to be paid for the consummation of the Goldcar acquisition;
- repayment of the drawings made under the Senior Revolving Credit Facility to finance the Buchbinder acquisition; and
- payment of estimated costs and expenses related to the acquisitions and issuance of the notes.

Completion of a new €450 million asset-backed bridge facility

On December 19, 2017, in order to optimize the financing conditions of Goldcar's fleet immediately after the closing of the acquisition, the Group signed, with a diversified pool of international banks, a new €450 million Bridge Facility secured by Goldcar fleet assets in Spain, Italy and France. This facility allowed refinancing of the existing debt of Goldcar at the closing date and allows the Goldcar Fleetcos entities in these three countries to finance the acquisition of new vehicles. Each entity has the ability, on a monthly basis and for a twelve-month period starting December 19, 2017, to draw on these credit lines. At the end of this twelve-month period, the purchase of new vehicles dedicated to Goldcar's fleet should in particular be financed by the Group's Senior Asset Revolving Facility.

1.2.3 Significant post-closing events

Sale of the Group's stake in Car2go

On April 4, 2018, the Group announced the closing of the sale to Daimler Mobility Services of the 25% interest and voting rights held by Europcar International S.A.S.U. in Car2go Europe GmbH, having received the approval of the competent antitrust authorities. The completion of this sale generated a pre-tax gain of 70 million euros, which will be accounted for in the Company's first quarter results in 2018.

1.3 MARKET AND COMPETITIVE ENVIRONMENT

The market information presented in this Section was obtained from Passport, a tool provided by Euromonitor. Market shares have been calculated on the basis of the revenue generated by each of the players in the sector.

1.3.1 General presentation of the vehicle rental market

Present in 133 countries and territories worldwide at the end of 2017, Europcar is a global operator and the European leader in vehicle rentals. The Group's strategic positioning is based on:

- eighteen "Corporate Countries" in which it has long been present and has extensive experience (Australia, Belgium, France, Germany, Italy, New Zealand, Spain, Portugal, the United Kingdom, Ireland and more recently Denmark, Austria, Slovakia, Hungary, Turkey, Croatia, Greece and Luxembourg); and
- a network of franchises, agents, partnerships and general sales agency agreements that enable the Group to reinforce its network in certain Corporate Countries (notably in France) and to extend its presence throughout the world.

This network allows the Group to cover nearly the entire world market estimated at approximately €59.2 billion in 2016 (source: Euromonitor).

The vehicle rental industry is generally characterized by intense competition with local, regional and global actors. It is based primarily upon price and customer service quality, including the availability and return of vehicles, ease of vehicle reservation, reliability, the location of rental stations and product innovation. In addition, competitive positioning is also influenced by advertising, marketing and brand reputation.

The use of technology has increased pricing transparency among vehicle rental companies by enabling customers to more easily compare on the Internet the rental rates available from various vehicle rental companies for any given vehicle.

The European vehicle rental market

The vehicle rental market in Europe [(1)] represented approximately €13.6 billion in value in 2016 (source: Euromonitor). The European Corporate Countries [(2)] represented a total estimated market of €10.4 billion in value in 2016 (an increase of around 1.7% over 2015).

In Europe, the main vehicle rental companies generally operate through a mixture of directly operated stations and stations operated by agents or franchisees. The European market is distributed fairly evenly between the business and leisure market segments, with some differences from one country to the next. The European market is also characterized by the need for an extensive network of rental agencies in order to cover the entire targeted customer base. Moreover, even though they may have regional, continental or global strategies, each of the players operating on the European market must (i) ensure that they comply with the laws and regulations of each country, which may change at any time, and (ii) adapt to the multiple regional specificities in consumer habits.

(1) 28 countries of the European Union, Norway, Switzerland, Bosnia-Herzegovina, Montenegro, Serbia, Kosovo and Macedonia.

(2) Excluding Austria, Slovakia, Hungary and Turkey.

The numerous operating complexities mentioned above represent a challenge for operators wishing to enter or expand their presence in Europe.

The European market is relatively fragmented compared with the US market. The five largest operators in the European market represented approximately 77% of market share in the Corporate Countries in 2016, whereas the three largest operators in the US market represented approximately 95% of market share in the United States in 2014 (source: AutoRentalNews). This difference is due to the presence in several European countries of strong local players that have relatively significant market shares. The Group has two main competitors, Avis Budget Group and Hertz, in each of the European countries in which it operates. In addition to these two players, other companies and brands have significant market share and footprints in certain countries, in particular Sixt in Germany and Enterprise in the United Kingdom. The market shares of the main players of the vehicle rental industry in the Corporate Countries in Europe where Europcar has a presence were approximately 25% for Europcar, 17% for Avis, 14% for Hertz, 12% for Sixt and 10% for Enterprise in 2016 (source: Euromonitor 2016).

The market in the rest of the world

In 2016, North America represented an estimated market of €27.2 billion. Asia-Pacific was estimated at €11.0 billion, followed by Africa and South America, whose markets are estimated at €2.6 billion and €2.9 billion, respectively (source: Euromonitor 2016).

In the North American market, the Group entered into commercial alliances with various partners in order to benefit from commercial synergies and offer services in 133 countries and territories (number of countries and territories in which the Group is present at the end of 2017). The Group is also present in Asia-Pacific (in particular in two Corporate Countries, Australia and New Zealand, which together represented a market with an estimated value of €1.3 billion in 2016, and through a commercial cooperation agreement in Japan) and in South America. Moreover, the Group operates in the Middle East and Africa through a significant franchise network, partnerships and general sales agency arrangements. In January 2017, the Group entered into a partnership with the Chinese group, Shouqi, providing it with a presence in the Chinese market and to benefit from commercial synergies.

1.3.2 Growth drivers and general market trends

Macroeconomic conditions and demand for vehicle rentals

Demand for vehicle rentals is tied to macro-economic conditions in the countries where the Group does business. In particular, demand is correlated with changes in Gross Domestic Product (GDP) and with inflows of international travelers, which in turn is tied to levels of air and rail traffic.

Customer segments' diversity helps reduce the sensitivity of the vehicle rental business to the economic environment: demand in the business segment is generally tied to the macro-economic environment, with significant differences between countries. It is particularly driven by GDP in key markets, through the general business climate and expenditures on business travel. In the leisure segment, including vehicle rentals in airports, demand is mainly driven by changes in inflows of international travelers, and is therefore closely correlated with airline activity.

New mobility solutions

The vehicle rental industry has been undergoing structural changes tied to technological advances and the resulting changes in customer preferences and behaviors. Technological improvements have enabled providers of mobility solutions to develop innovative new products and services to respond to the constantly evolving needs of their customers. Consumer demand has migrated towards more flexible and economic mobility solutions with a smaller impact on the environment, in particular to solve the problem of increased traffic and to adapt to government policies limiting the use of vehicles in urban areas.

Accordingly, the way people use vehicles has been changing over the last few years: the acquisition and ownership of vehicles are increasingly irrelevant to actual usage. This change has accompanied the supply and expansion of various services traditionally offered by companies that concentrate all their activities on the mobility market, such as vehicle rental companies and companies offering car-sharing and ride-sharing services, as well as platforms (like Europcar Groupe and Ubeeqo).

More generally, this market also includes operators whose activities or services are related and complementary (such as insurance companies, vehicle leasing companies, car park operators, car manufacturers, tour operators, travel agencies, companies offering micro-mobility, telematics solutions or data storage that develop new mobile applications).

New mobility solutions are being developed in particular in the following areas:

- car-sharing, which was initially based on business-to-consumer, or B2C, models, as well as peer-to-peer, or P2P, models, but now also includes business-to-business, or B2B, models, and may be based on either a one-way or round-trip itinerary;
- intermodal solutions providing a digital platform that brings together different means of transportation (public transport, rental vehicles, taxis and other mobility solutions) in order to be able to offer the best possible itinerary to customers for any given trip;
- transportation services offering the possibility of traveling in a vehicle driven by a professional or private driver, as well as ride-sharing solutions offering subscribers the possibility of riding in vehicles driven by a private individual.

Accordingly, the new players in the mobility solutions market and vehicle rental companies are all benefiting from the decreasing number of vehicle owners in capitals and large European cities. They are currently targeting different user needs, notably in terms of rental duration, with vehicle rental companies mostly providing longer-term rentals than other companies. Nevertheless, the Group believes that vehicle rental companies are well positioned to seize growth opportunities in the new mobility solutions market. Indeed, such companies can capitalize on key competitive advantages such as brand recognition, customer diversity, fleet size and fleet-management expertise, network density and experience in the industry.

The development of the low cost market segment

As has been the case in other industries, the European vehicle rental market has seen the development of low cost offers in recent years to meet increased demand for more affordable services. The low cost market segment may be defined as all low-price rental offers including a reduced number of services and providing less recent vehicles and a more limited selection of categories, brands and models. The low cost segment is one of the most dynamic in Europe, with turnover of around €1.4 billion in Corporate Countries in Europe in 2015 (source: BCG estimate of size of the low cost market in 2015[(1)]), with an historical annual growth rate of 12%. Growth is set to continue at a similar pace in the future, particularly for leisure destinations in France, Spain, Italy, the United Kingdom, Portugal, Greece and Turkey.

This segment is mainly covered by a certain number of independent players with a business model and brand strategy specific to this market segment (less modern vehicles, more limited service offering, lower costs). However, the low cost segment is characterized by the increased presence of the main players in the vehicle rental sector through strategies based on the development of differentiated offerings under another brand that is clearly identified as low cost.

The Group was active in the low cost segment in 2017 through its InterRent® brand. Following the acquisitions made in 2017, the Group decided during the first quarter of 2018 to restructure its Low Cost Business Unit: it will in future be run by Juan-Carlos Azcona, former Chairman and CEO of Goldcar, and will combine the InterRent® and Goldcar® brands. Linking up these two brands should allow the Group to construct a broad platform and benefit from significant scale effects in the Low Cost Business. The Business Unit is expected to generate at least 15% of total Group revenue in the near future. To reap the full benefit of Goldcar's agile organizational structure (simplified processes, robust, flexible and adaptable information systems), the InterRent® brand will be operated by Goldcar in Spain, France, Italy, Portugal and the UK. For further information on the positioning of the Goldcar brand in the Low Cost BU, see Section 1.6.2 "Europcar's brands and respective service offers".

(1) On the basis of revenue generated in 2015 by the "low cost" brands of the principal participants in the vehicle rental market and local independent companies that disclose their positioning and "low cost" revenue.

1.3.3 Information by Corporate Country [(1)]

The vehicle rental market in the Corporate Countries generated revenue of approximately €11.8 billion in 2016 in the Group's 12 main Corporate Countries [(1)].

The Group provides an analysis below of the markets in which it operates *via* its Corporate Countries. Market share in each Corporate Country is calculated on the basis of revenue (excluding royalties received from franchisees).

Germany

The German vehicle rental market generated total revenue of approximately €2.3 billion in 2016, (*i.e.* growth of 3.5% versus 2015).

The Group is the second-largest player in this market, with a market share of approximately 27.8% in 2016 (versus 28.1% in 2015 and 28.4% in 2014). The Group's main competitors are Sixt, Avis Budget, Hertz and Enterprise, with respective market shares of approximately 33%, 13%, 9% and 5% in 2016, compared to approximately 33%, 13%, 9% and 5% in 2015.

Belgium

The Belgian vehicle rental market generated total revenue of approximately €0.3 billion in 2016 (*i.e.* loss of 9.7% versus 2015).

The Group is the leader in this market, with a market share of approximately 28.9% in 2016 (versus 26.6% in 2015 and 26.4% in 2014). The Group's main competitors are Avis Budget, Hertz and Enterprise, with respective market shares of approximately 19%, 11% and 11% in 2016, compared to 19%, 11% and 11% in 2015.

Spain

The Spanish vehicle rental market generated total revenue of approximately €1.5 billion in 2016 (*i.e.* growth of 4.6% versus 2015).

The Group is the leader in this market, with a market share of approximately 30.7% in 2016 including Goldcar (versus 29.4% in 2015 and 28.5% in 2014 for Europcar and Goldcar together). The Group's main competitors are Avis Budget, Hertz, Enterprise and Sixt with respective market shares of approximately 17%, 13%, 11% and 7% in 2016, compared to 17%, 13%, 11% and 6% in 2015.

France

The French vehicle rental market generated total revenue of approximately €2.7 billion in 2016 (*i.e.* loss of 0.8% versus 2015).

The Group is the leader in this market, with a market share of approximately 22.9% in 2016 (versus 22.7% in 2015 and 22% in 2014). The Group's main competitors are Avis Budget, Hertz, Sixt and Ucar, with respective market shares of approximately 14%, 14%, 7% and 3% compared to approximately 13%, 14%, 6% and 4% in 2015.

Italy

The Italian vehicle rental market generated total revenue of approximately €1.2 billion in 2016 (*i.e.* growth of 3.4% versus 2015).

The Group is the third-largest player in this market, with a market share of approximately 21.0% in 2016 (versus 19.7% in 2015 and 18.9% in 2014). The Group's main competitors are Avis Budget (acquisition of Maggiore in 2015), Hertz and Sixt, with respective market shares of approximately 36%, 22% and 6%, compared to approximately 35%, 22% and 6% in 2015.

Portugal

The Portuguese vehicle rental market generated total revenue of approximately €0.4 billion in 2016 (*i.e.* growth of 3.3% versus 2015).

The Group is the leader in this market, with a market share of approximately 41.4% including Goldcar in 2016 (compared to 39.6% in 2015 and 38.3% in 2014 for Europcar and Goldcar together). The Group's main competitors are Avis Budget, Hertz and Choice Car, with respective market shares of approximately 19%, 12% and 9% compared to approximately 19%, 12% and 9% in 2015.

United Kingdom

The UK vehicle rental market generated total revenue of approximately €1.6 billion in 2016 (*i.e.* growth of 0.9% versus 2015).

The Group is the second-largest player in this market, with a market share of approximately 30.5% in 2016 (stable in relation to 2015 and versus 30.0% in 2014). The Group's main competitors are Enterprise, Hertz, Avis Budget and Sixt, with respective market shares of approximately 32%, 14%, 11% and 7% in 2016, compared to approximately 30%, 14%, 11% and 7% in 2015.

(1) *Source: Euromonitor study – August 2017 Excluding Austria.*

Ireland

The Irish vehicle rental market generated total revenue of approximately €0.3 billion in 2016 (*i.e.* growth of 3.1% versus 2015).

The Group is the third-largest player in this market, with a market share of approximately 15.3% in 2016. The Group's main competitors are Avis Budget, Hertz, Enterprise and Sixt, with respective market shares of approximately 29%, 21%, 14% and 2% in 2016.

Denmark

The Danish vehicle rental market generated total revenue of approximately €0.2 billion in 2016 (*i.e.* growth of 1.1% versus 2015).

The Group is the leader in this market, with a market share of approximately 26.3% in 2016. The Group's main competitors are Avis Budget, Sixt and Hertz, with respective market shares of approximately 15%, 11% and 6% in 2016.

Austria

The Austrian vehicle rental market generated total revenue of approximately €0.1 billion in 2016, stable compared to 2015.

Australia

The Australian vehicle rental market generated total revenue of approximately €1 billion (*i.e.* growth of 1.7% versus 2015).

The Group is the third-largest player in this market, with a market share of approximately 11.1% in 2016 (versus 11% in 2015 and identical to 2014). The Group's main competitors are Avis Budget and Hertz with respective market shares of approximately 34% and 26% in 2016, compared to approximately 33% and 27% in 2015.

New Zealand

The New Zealand vehicle rental market generated total revenue of approximately €0.3 billion (*i.e.* growth of 3.2% versus 2015).

The Group is the fourth-largest player in this market, with a market share of approximately 7.4% in 2016 (versus 7.3% in 2015 and 6.7% in 2014). The Group's main competitors are Avis Budget, Hertz and Tourism Holdings, with respective market shares of approximately 43%, 21% and 11% in 2016, compared to 43%, 23% and 12% in 2015.

Other countries recently acquired

Following the acquisitions of Buchbinder, Goldcar and Europcar's Luxemburg franchisee, the Group extended its corporate coverage to 18 countries in 2017. These 18 countries include the 12 countries mentioned above as well as Luxemburg, Greece, Turkey, Croatia, Hungary and Slovakia.

1.3.4 Information by Business Unit

In 2016, the Group decided to adopt a new Group organization by Business Units, which was implemented in January 2017. These five Business Units are Cars, Low Cost, Vans & Trucks, International Coverage & New Mobility.

The Group provides an analysis of these Business Units below.

Cars

The car rental market in the 11 main Group's Corporate Countries (1) is estimated at approximately €11.8 billion (Source: Euromonitor). The Group is the European leader in this segment, with a market share of approximately 23% (Source: Euromonitor).

Vans & Trucks

The Vans & Trucks rental market in the Group's Corporate Countries is estimated at approximately €2.4 billion (2). With revenue of approximately €267 million in 2017, the Group has a market share of approximately 11% in this segment.

Low cost

The low cost car rental market in the Group's Corporate Countries is estimated at approximately €1.4 billion (3). With revenue of approximately €131 million in 2017, the Group has a market share of approximately 9% in this segment.

(1) Excluding Austria, Hungary, Luxembourg, Slovakia, Croatia, Greece and Turkey

(2) Source: 2015 McKinsey report.

(3) Source: 2015 BCG report. On the basis of revenue generated in 2015 by the low cost brands of the principal participants in the vehicle rental market and local independent companies that disclose their positioning and low cost revenue. Excluding Australia, New Zealand, and the Corporate Countries acquired in 2016 and 2017.

New Mobility

The new mobility solutions market is experiencing growth after mainly, in urban environments in most of the Corporate Countries. At this stage, it is difficult for the Group to obtain estimates of the current size of this market or its potential for future growth. In 2017, the Group achieved revenue of about €25 million in this market segment.

International Coverage

This BU comprises all of the Group's activities outside its 18 Corporate Countries. The market is estimated at about €47.4 billion (Source: Euromonitor 2016). In 2017, the Group received about €51.3 million in commissions from its franchisees and its commercial partners corresponding to the revenue of the International Coverage BU.

See Section 1.6.1 "*Overview of Business*" and Section 5.1.5 "*Other management bodies*" of this Registration Document for more information on the management of the Group and the Corporate Countries within the new organization Group built into five Business Units.

1.4 STRATEGY

1.4.1 The Group's vision and ambition

Europcar Groupe is the European leader in vehicle rental services, with a global reach through a network of franchisees and partnerships, and a major player in mobility markets. The Group operates in a growing market supported by structural trends in vehicle rental and mobility solutions. Its established leadership in the European rental vehicle market alongside strong innovation capability confer Europcar Groupe a competitive advantage in a changing environment and underpins the Group's vision and ambition to become a global mobility solutions leader delivering strong added value.

Europcar Groupe intends to reinforce this leadership in all of its countries and to develop its footprint in both the vehicle rental and new mobility markets, highlighting the growth in its customer base, the improved quality of its services and the extension of its solutions portfolio. In particular, the customers' constantly evolving needs offer opportunities for Europcar to develop new mobility solutions offer and to achieve its mission to become an attractive alternative to car ownership for customers.

1.4.2 The Group's strategy

To achieve its ambition, the Group has defined a clear strategy, Enhance & Expand, with the objective of consolidating its current leading position in Europe while growing beyond its current model both geographically and through the development of new services and the optimization of its network.

1.4.2.1 The Enhance and Expand strategy

Europcar Groupe's Enhance & Expand strategy is structured around two areas:

- To consolidate its position as number one in Europe through four main pillars by:
  - Reinforcing its customer centric approach to improve its service offers: Europcar Groupe pursues a strategy focused on its customers' current and future needs. The launch of several strategic programs such as Click&Go and NPS 110, with ambitious goals, reflect this desire (see Section 1.5.5 "Digitalization and focus on customer experience" for more details on these programs);
  - Developing the Group's presence in the Low Cost and Vans & Trucks segments: the set up of a new organization by Business Unit from January 1, 2017 (see Section 1.6.1 "*Overview of business*" for more details on the Business Units) has enabled the Group to deploy its know-how and benefit from its assets. Indeed, the new organization takes into account the specific characteristics of each Business Unit, in order to accelerate the creation of value and meet the ambition of becoming leader in each of these two segments. The acquisitions of Buchbinder and Goldcar in 2017 are key levers to deliver this objective;

- Pursuing operational excellence: in particular through its transformation programs for sustainable and profitable Group growth. The Group intends to continue to improve its efficiency at all levels of the organization;
- Increasing its presence: the financial headroom now enjoyed by the Group allows it to plan external growth transactions aimed at acquiring customer bases or accelerating certain go-to-market initiatives on the fragmented vehicle rental market;

- To grow beyond the Company's current model, via three main levers:
  - Accelerating its international deployment of all the services provided by Europcar Groupe. Supported by its network of franchisees, partners and sales representatives, the Group intends to continue to strengthen and expand internationally. In addition, the Group aims to extend its presence where opportunities present themselves. Developing partnerships is in line with this policy of meeting customers' needs;
  - Investing in new mobility services and exploring adjacent models. Europcar Groupe aims to create an ecosystem of mobility services that completes its vehicle rental offering. The Group plans to leverage key competitive advantages such as customer diversity, fleet size, fleet management expertise and its network density to seize opportunities resulting from new mobility trends to better respond to customers' needs;
  - Leveraging its network. The Group's network, organized through its stations and back-office operations, is a significant asset that enables it to operate efficiently on a large scale. Europcar Groupe believes that its network makes all the difference in a new mobility ecosystem. Accordingly, the Group plans to continue to optimize its network in a dynamic manner and leverage its know how to develop its network as a service.

1.4.2.2 The Group's Corporate Social Responsibility commitment

Europcar defined an ambitious roadmap and strong commitments to support the Group's CSR transformation. Within the context of the Group's "Commit Together!" strategy, Europcar defined four CSR priorities:

- Promoting mobility for all: Europcar aspires to be a major player in sustainable development by building confidence with its customers and by offering them innovated, adapted and transparent products;
- Being a responsible employer: Europcar aims to be a responsible employer by promoting employees development and diversity which are essential to the success and growth of the Group and by developing a strong employer brand;
- Fighting against climate change: Europcar intends to improve its environmental footprint and participate in the fight against climate change through a dynamic environmental management system; and
- Creating shared value: Europcar promotes ethics in business through the implementation of a responsible procurement policy and by conducting business with integrity.

To meet this commitment, the Group implemented a governance structure, composed of a strategic CSR Committee, and an operational CSR Committee. This year the Group also announced its new CSR identity "Commit Together!" in order to reaffirm its strategy.

For more information on the Group's commitment to CSR, see Chapter 4 of this Registration Document.

1.4.3 The Group's roadmap to 2020

1.4.3.1 A detailed action plan

To meet its ambition to become a global mobility solutions leader, the Group defined a detailed roadmap to 2020, structured around six main areas.

The first is to reposition the Group through a new brand architecture. Following the acquisitions of Buchbinder and Goldcar in 2017, the Group's brand portfolio significantly increased and a re-positioning for each brand is under way (see Section 1.5.3.3 "*Strong portfolio of brands*" for more details).

The second is to scale up the new business models focused on mobility through the Lab, which is the Group's engine for new concept development (see Section 1.7 "*Europcar Innovation Lab*" for more details) and through the development of the New Mobility Business Unit, driven by opportunities in the ride-hailing, sharing or connected cars markets. Refer to Section 1.6.3 "*Mobility solutions*" for more information.

The third is to integrate complementary business models, in particular through the synergies and value creation expected from the acquisitions performed in 2017 (best practice sharing, purchase and financing synergies, maintenance and repair).

The fourth is to transform the Group to strengthen customer satisfaction. The NPS 110 and Click & Go programs, described in Section 1.5.5 "*Digitalization and focus on customer experience*" are examples of initiatives launched by the Group to achieve this objective.

The fifth consists of digitalizing the Group.

Eventually, the sixth is to enhance the Group current model with an acceleration of go-to-market, both organically and through acquisitions.

1.4.3.2 Financial targets

The roadmap presented in Section 1.4.3.1 "*A detailed action plan*" is intended to contribute to reaching the 2020 objectives announced by the Group in October 2016 during the investor day and confirmed during the investor day in January 2018. These objectives cover the 2016-2020 period and are centered around the following two main targets:

- Reaching at least €3 billion in revenue by 2020 through a combination of organic growth in revenue * (additional €300 to €500 million revenue over the 2016-2020 period, spread over the 5 Business Units) and external growth (additional minimum €500 million revenue over the period);
- Reaching at least 14% adjusted corporate EBITDA margin * (excluding the New Mobility Business Unit) through strong operating leverage opportunities:
  - Cost control: (i) stabilizing the margin on variable costs [(1)] through better control of distribution costs and more efficient commercial strategy, (ii) improving operational efficiency across all metrics (for example the costs related to the fleet and network, utilization rate, quality of service), and (iii) maintaining stable fixed costs by expanding the scope of shared services centers;
  - Margin improvement thanks to external growth transactions, in particular through synergies from these transactions.

In addition, the Group will accelerate its growth through targeted acquisitions, mainly focusing on franchises and participants in the Vans & Trucks segment (for a maximum investment of €150 million by the end of 2018). An additional budget of €150 to €200 million will be dedicated to capital expenditures and investments in the New Mobility Business Unit (over 2018-2020 period) and an average annual investment of €50 million in expenses excluding fleet over the next three years.

The Group has confirmed that it can deliver recurrent cost synergies of at least €30 million on Goldcar and at least €10 million on Buchbinder by 2020, of which at least 75% should be completed by the end of 2019 in both cases. It will target a conversion rate for corporate free cash flow of over 50% and corporate debt leverage of less than 3x.

Lastly, the Group should be able to continue to deliver a policy of high dividends to shareholders with a dividend payout ratio * higher than 30% and, when applicable, targeted share buybacks financed by cash flow surpluses.

1.5 COMPETITIVE ADVANTAGES AND KEY ENABLERS TO DELIVER THE GROUP'S STRATEGY

1.5.1 Market growth supported by structural trends in vehicle rental and mobility solutions

Vehicle rental market growth in the Corporate Countries should continue to rise in the short- and medium-term due to several structural factors: Gross Domestic Product (GDP) growth, the increase in the number of leisure trips and in air traffic as well as new methods of use in terms of mobility. The value of the vehicle rental industry in the Group's Corporate Countries in Europe should continue to increase by approximately 2.7% per annum over the next five years (source: BCG estimates for 2016-2022 across the European Union's 28 markets).

Furthermore, the Group believes that changing perceptions of car ownership should foster increasing growth in the vehicle leasing market. These changing perceptions stem in particular from the increase in costs related to vehicle ownership and restrictive public policies towards car usage in urban centers.

These market dynamics contribute to a growing population of potential users of vehicle rental services and to the market trend towards mobility solutions and other innovative service offerings. This should provide the Group with new revenue opportunities, in particular given the urban density in Europe.

(1) Margin on variable costs is defined as the margin after revenue related costs, rental related costs, insurance costs, fleet costs, network costs and sales & marketing costs.

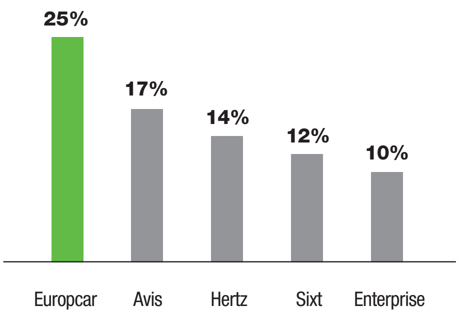
1.5.2 Established leadership and innovation capability

With over 65 years of experience, Europcar has a worldwide presence and is one of the key players in the mobility industry. The Group has a wide international network serving a broad range of customer mobility needs based on sophisticated revenue and fleet capacity management. The Group leverages these strengths to deploy innovative solutions and services to better serve changing customer mobility usages.

In 2016, the Group was the leading European vehicle rental organization. More specifically, it is number one in France, Belgium, Spain and Portugal, number two in Germany and the United Kingdom and number three in Italy and Ireland (source: Euromonitor). In 2016, the Group's competitive positioning within the franchisee countries in Europe was also at a high level.

The chart below sets out the market share of the Group and its principal competitors in Corporate Countries in Europe in 2016:

EUROPCAR'S 2016 MARKET SHARES IN CORPORATE COUNTRIES (1) IN EUROPE



Source: Euromonitor.

The Group believes that its leading position in Europe is sustainable due to, among other things, the scale of its operations (average rental fleet * of 248,547 vehicles in its Corporate Countries in 2017), the quality of its network, its brand strategy (the mains ones of which are Europcar®, Goldcar®, InterRent®, Buchbinder® and Ubeeqo®) and its ability to manage complex operating systems and financing structures in a flexible and efficient manner. Between 2015 and 2016, the Group's market share in Corporate Countries in Europe slightly increased from 24.4% to 24.7% (source: Euromonitor 2016). The European vehicle rental market is one of the most difficult to penetrate due to the multiplicity and diversity of countries with different rules and regulations and with regional differences in consumer habits. The Group believes that its extensive local presence and professional expertise allow it to respond effectively to the complex and highly diverse nature of its markets.

Moreover, the Group's solid positioning across various countries in Europe allows it to track and anticipate changing levels of demand and market trends and therefore to better manage the size of its fleet. The Group is also consolidating its network through acquisitions of franchisees (*e.g.* acquisition of the Group's Danish franchisee in 2017).

The Group has a global footprint, with approximately 3,680 stations (including franchises) in 133 countries and territories at the end of 2017 and numerous general sales agency (GSA) arrangements and partnerships. Franchises enable the Group to extend its network and are a source of high-value growth with lower risk, while its partnerships and alliances provide additional market penetration in growing markets.

The Group's strategy is to develop partnerships with commercial representatives (approximately 34 GSA arrangements at the end of 2017 compared with 32 at the end of 2016) and partnerships with major airlines and travel intermediaries to allow the Group to capture the flows of travelers. The Group relies on partners in addition to its franchisees, particularly in the United States, Canada and Japan, as well as on commercial and general sales agency arrangements. In the United States the Group concluded a partnership with Advantage Opco ("Advantage") through which the Group can serve its customers in the United States under its Europcar® brand and *via* the Advantage network, and Advantage can serve its customers under its own Advantage-Rent-A-Car brand *via* the Europcar network in regions in which the Group operates. This alliance allows the Group to extend its proprietary network and improve its services for its customers in the United States. In February 2015, the Group also entered into a new agreement with a general sales agent in the United States ("Discover the World"), which improves outbound flows of United States customers to Corporate Countries. Moreover, in order to develop its activities in China, the Group entered into a two year general sales agency agreement (which came into force on April 21, 2014), which was renewed in 2016 for a further two years, with an online Chinese travel agency pursuant to which the agency has been appointed to act as a non-exclusive representative authorized to promote and offer Europcar's rental services. This agreement allows the Group to promote outbound flows of customers from China into its Corporate Countries.

(1) Scope: the 9 main European Corporate Countries (excluding Austria, Croatia, Slovakia, Greece, Turkey, Hungary and Luxembourg).

The Group's network, particularly in its Corporate Countries, is supported by its GreenWay® system, a powerful and effective reservation platform and revenue capacity and fleet management tool. The Group's network is also commercially supported by the use of forecasting models that help to determine pricing while also optimizing the distribution, planning, allocation and yield of the fleet according to demand.

The Group has a diversified customer base of approximately 5.7 million drivers in 2017 that it reaches through a wide variety of distribution channels.

The Group's efficient fleet management benefits from central coordination and local initiatives, leveraging strong, longstanding partnerships with vehicle manufacturers. In addition, the Group takes a pragmatic approach to fleet management, optimizing the mix between regional and local contracts, maintaining short- and long-term flexibility in volume commitments and vehicle holding periods to meet fluctuations in demand, particularly seasonal. This efficiency also relies on repurchase commitments the Group has obtained from manufacturers that give it the flexibility to react to changes in demand.

The Group leverages this extensive experience and know-how in the vehicle rental industry to focus on innovation, enhance the customer experience and seize opportunities arising from new mobility trends. In response to specific customer mobility needs, the Group has a "Lab" that is designed to draw on technological innovations developed in-house or with external partners to design new products and services. This enables the Group to stay at the forefront of this booming market. The Group also holds 100% of Ubeeqo (acquisition in 2017 by Europcar of the minority interest held by the founders), a French start-up specializing in car-sharing and fleet and mobility solutions for the business market, and holds a majority stake in E-Car Club (since 2015), the first all-electric pay-per-use car-sharing club in the United Kingdom. Prior to the sale of its investment in Car2go, Europcar was also a stakeholder in a joint venture with Daimler.

1.5.3 Efficient and diversified business model

The Group has a number of key assets that form the levers and anchor of its business model and are vital to its future development. Indeed, the Group benefits from:

- a dense and global network with a majority of stations close to where its customers live and work (see Section 1.6.6 "*Europcar's network*");
- a large, well-balanced and diversified customer base, providing the Group with a low dependency on specific sectors or industries;
- a flexible and low-risk fleet, together with strong skills in logistics, maintenance, and optimization of fleet utilization rate *;
- a strong portfolio of brands;
- an efficient Customer Relationship Management system that allows it to leverage close customer relationships, and which is illustrated by the strong improvement in customer satisfaction (as measured in 2017 by the Net Promoter Score *).

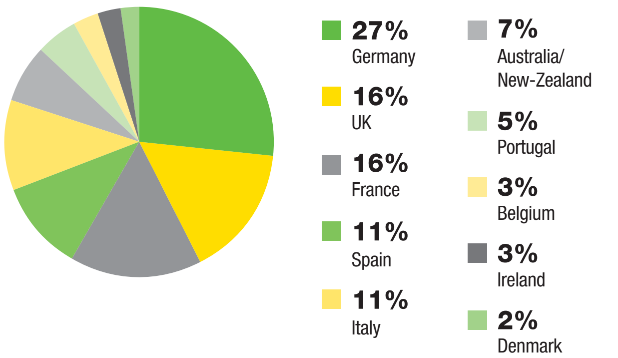
This wide diversification of sources of revenue, fleet and financing, along with the Group's operating expertise and effective management and information systems, provide the Group with a business model tailored to limit risks and optimize revenue and costs. Europcar considers that the assets, know how and skills that have made the Company the vehicle rental industry leader it is today will enable it to capture new attractive markets while retaining its operational excellence and leadership.

1.5.3.1 Diversified customer base

The Group has a broad customer base, well balanced between business and leisure customers (which generated 43.6% and 56.4%, respectively, of vehicle rental income in 2017). This mix helps the Group manage seasonality over the year (with leisure peaks during the summer and business demand more stable throughout the year) and during the week (weekend for leisure and weekdays for business). The Group's contractual relationships with numerous large corporate customers, as well as with small and medium-sized businesses across multiple industries contribute to the stability of the Group's business vehicle rental income, in particular during periods outside of tourist seasons and during business days. The Group's leisure activity involves rentals that are longer in duration and generate more revenue per transaction day than business rentals. The Group also addresses the leisure segment through its portfolio of partnerships with recognized leaders in the travel industry (European airlines, tour operators and hotel groups, such as EasyJet, Air Caraïbes, TUI, Accor and Aeroflot). Within the leisure segment, the Group benefits from its core Europcar® brand in the medium and upscale markets and is deploying its InterRent® brand in the medium-value market.

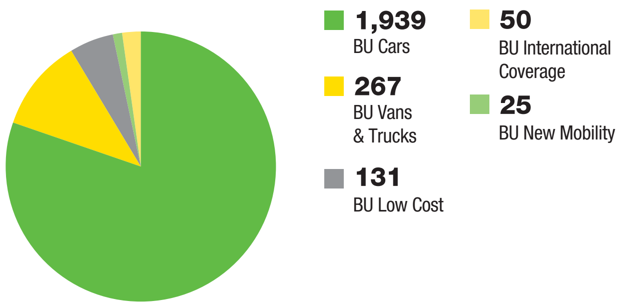
The Group's revenue base is also geographically diverse. The Group's vehicle rental income (excluding royalties received from its franchisees) in Corporate Countries for the year ending December 31, 2017 was as follows:

BREAKDOWN OF VEHICLE RENTAL INCOME BY CORPORATE COUNTRY IN 2017



The Group's total revenue by Business Unit for the year ending December 31, 2017 was as follows:

BREAKDOWN OF GROUP REVENUE BY BUSINESS UNIT IN 2017



Source: Company.

The Group's revenue base is optimized between airports, where customer traffic is relatively high, and non-airport locations. In 2017, the Group's network included 324 directly- and agent-operated stations in airports. These stations represented 16% of corporate and agent-operated stations in 2017, and yet generated 43% of the Group's vehicle rental income in the same year.

1.5.3.2 Optimized and flexible fleet

The Group's diversified network is supported by a flexible fleet that has one of the highest proportions of buy-back agreements in the industry, a diverse fleet supply and flexible fleet financing. Approximately 90% of Europcar's 2017 fleet vehicles delivered were covered by such buy-back agreements. This high level of buy-back agreements limits risk by providing greater fleet cost visibility. It also increases fleet flexibility, with commitments allowing for a five to eight month buy-back period which allow the Group to manage the seasonality inherent to the business. The sourcing of the Group's fleet is also diversified in terms of automobile manufacturers and brands (see Section 1.6.7 "*The Group's fleet*" for more details). The Group can periodically and opportunistically enter into multiyear framework contracts (generally for a two-year term) with certain manufacturers to ensure fleet availability. In order to optimize its financing conditions, the Group uses diversified asset-backed financing represented by the fleet, including securitization, capital market financing (bond financing), revolving credit facilities and operating leases.

1.5.3.3 Strong portfolio of brands

Following the acquisitions of companies that occurred in 2017 (see Section 1.2.2 "*Significant events during fiscal year 2017*"), the Group is in the process of repositioning its international brands according to the following structure:

- Europcar® as the Group premium brand;
- InterRent® as the medium-value segment;
- Goldcar® as the single low cost brand; and
- a series of brands dedicated to mobility services (Ubeeqo®, GoMore®, GoCar®, Bluemove®, Brunel®, etc.).

In addition, Buchbinder, a recognized brand in Germany and Austria, will continue to serve its local markets. The plan is for Buchbinder to be a specific Van & Trucks brand for the German, Austrian and Slovakian markets.

See Section 1.6.2 "*Europcar's brands and respective service offers*" for more details.

1.5.3.4 Skilled management and employees

The success of the Group's strategy and growth depends on the experience and strength of its management team. The Group's senior management team has been renewed over the last five years and is now composed of executives with complementary backgrounds from top-tier companies in various industries. Caroline Parot was appointed Chairwoman of the Management Board in November 2016. She leads a team of executives with extensive business and operating expertise, as well as in-depth understanding of the vehicle rental services industry and new mobility solutions. In 2017, several changes occurred in the management team with the appointments of a new Chief Financial Officer, a new Human Resource Director, a Group Digital & Marketing Director and new Heads for each Business Unit (except for the Cars BU which is managed by the Management Board).

The Group's top management is supported by an organizational structure consisting of highly complementary international and local teams that are competent and highly committed, and have the knowledge, passion and vision to lead the Group in the execution of its strategy.

1.5.4 Operational excellence and new organization by Business Unit

Europcar will further strengthen its operational excellence to support profitable organic growth. Growth is expected to be sustained by strengthening the commercial strategy by Group segment and cost management including optimization of the network and extension of its logic of shared services centers. Special attention will always be given to enriching and improving the customer experience through the Group's digital transformation. The Group plans to be able to offer a dedicated customer experience entirely on mobile devices very soon. In addition, the Group plans to allocate investments of approximately €10 million over the 2016-2018 period to rework its customer relations management system. Better knowledge of customers, differentiation of products and services through innovation, transparent and fluid customer relations, simplified procedures and custom help are the key words of this focus on transformation. In this context, the Group also plans to strengthen its commercial strategy *via* its direct channels to offer services adapted to new customer expectations in terms of mobility and to create a stronger link between its brands and customers to increase the rate of loyalty.

Since January 2017, as part of its new organization, the set of initiatives designed to strengthen the Group's operational excellence are now monitored at the Business Unit and/or support function level and at the level of the Corporate Countries.

Indeed, the Group is now organized around five Business Units (Cars, Vans & Trucks, Low Cost, New Mobility and International Coverage). This organization aims to better respond to clients' needs, position Europcar to seize external growth opportunities and improve operational efficiency in a fast-moving environment, with a view to delivering the Ambition 2020 targets announced by the Group in October 2016. (See Section 1.6.1 "*Overview of business*" for more details.)

1.5.5 Digitalization and focus on customer experience

The Group serves more than 5.7 million clients every year. Combined with its operational excellence, the delivery of a different kind of experience can be a strong lever to create value. In that respect, digital evolution is a key factor of success of the Group strategy. Indeed, the Group considers digitalization to be a real opportunity to improve customer experience and its operations.

1.5.5.1 Digitalization

All company dimensions are impacted by digitalization: products and services evolve due to cars becoming autonomous, electric and connected, and due to large-scale mobility and digital services emerging for different types of customers. These changes in products and services go hand-in-hand with a new customer experience based on multichannel, digital commerce and personalization, with a focus on customer insight, data analytics, predictive services and continuous service relationship. To deliver these products and services and ensure a digital experience to its clients, the Group has no choice but to become a digital company through business transformation, horizontal and vertical integration between suppliers and partners, and investments in cybersecurity and secured payments.

The Group is more specifically working on four main areas in which digitalization is used as a tool to accelerate its development:

- accelerate online revenue and direct-to-brand growth: the Group currently receives 75% of its bookings through digital channels but believes this share will increase in the future, notably for the direct-to-brand segment;

- expand the digital experience to offer a simplified and digitalized experience from start to finish;
- enhance satisfaction through a proactive and personalized approach and customer experience, through better knowledge of the customer and robust CRM [1] tools;
- improve and enrich the Group platforms, offering more combined mobility services.

1.5.5.2 Focus on customer experience

In 2016, the Group launched a comprehensive program named "Customer First", aimed at analyzing the expectations and preferences of Europcar's best customers in order to increase their satisfaction through differentiated service levels. The Group's end goal is to increase customer loyalty and repurchase intentions. This approach is being implemented across all distribution channels and all countries to address the full range of customer contact points throughout the whole organization.

The Group has decided to take advantage of the initial feedback of the "Customer First" program to focus more closely on customers and their consumption habits to improve its service propositions in a constantly changing environment. As a result, in 2017 the Group has continued to deliver significant progress in Net Promoter Score * and has launched a new program called NPS 110 which aims to put customer satisfaction at the core of the Group's strategy.

The objectives of the NPS 110 program are to fix the main customer pain points near-term and mid-term, to engage all employees and customers in the transformation and to be truly customer-centric by diffusing Voice of Customer from the frontline to the back-office through the implementation of a continuous improvement process. To do so, the Group has implemented a dedicated team to deliver end-to-end resolution of pain points, developed new tools to analyze customer feedback, implemented new indicators to measure customer satisfaction.

At the end of 2017, the Group also launched several initiatives to re-invent the customer journey in order to build a compelling customer experience. One of these programs, called Click & Go, is expected to bear fruit over the next 24 months and aims to make it easier, simpler and faster to use the Group's mobility services. At the end of 2017, the Group also launched the Click & Go strategic program to reinvent the customer experience by developing a simplified, 100% mobile and digital journey. In the next 24 months, customers who so choose will be able to use all of the Group's services from their smartphone: reservations, validation of their digital service contract, access to the vehicle or benefiting from additional services. The Click & Go program will provide the Group's customers with a unified experience from car rental to car-sharing: simple, mobile and digital.

1.5.6 Strong financial structure driven by operational cash flow generation

The Group can afford its ambition thanks to four main financial assets. It can rely on a flexible and continuously optimized funding structure; it has strong corporate leverage and deleveraging capabilities; in the future, it can count on solid outlooks for cash flow generation; and finally, it should take advantage of cost synergies resulting from recent acquisitions. These essentials will allow the Group to keep generating cash in the coming years for both accelerating its growth and bringing return to the shareholders.

The Group's experience with respect to the management of its fleet and operating costs, together with its diversified fleet financing (including operating leases) and its ability to control non-fleet working capital requirements (in particular by harmonizing payment terms across the Group) have contributed to stronger cash generation. This has also allowed the Group to manage its total net debt * recorded on the balance sheet (consisting of both its fleet financing debt, which is asset-backed, and its net corporate debt *), giving the Group a sound financing foundation as well as financial flexibility.

(1) CRM: Customer Relationship Management.

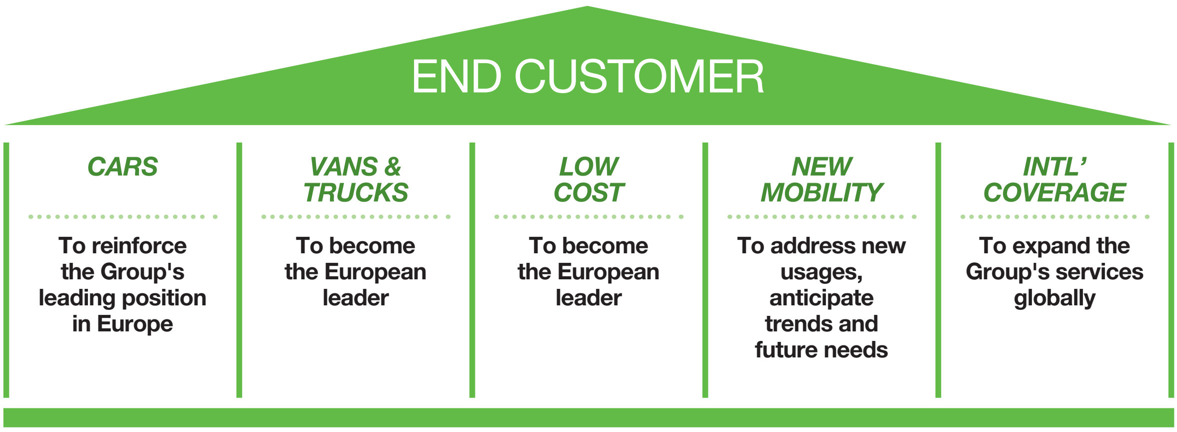
1.6 THE GROUP'S BUSINESS

1.6.1 Overview of business

The Group's strategy and development are defined and overseen by the Management Board. The Management Board has three members: Caroline Parot, Chairwoman of the Management Board, Kenneth McCall, Deputy CEO – Countries and Operations, and Fabrizio Ruggiero, Deputy CEO – Sales, Marketing, Customers and Low Cost.

The Group's organization is based on management of the Group's activities at a local level by Corporate Countries, which implement the strategy and objectives set by the Group. Management of the Group's activities outside the Corporate Countries consists of management of franchisees, partnerships and commercial agency agreements. Dedicated management teams at the Group level (Human Resources, Fleet, Finance, Operations & Network, Commercial, IT and Legal) also oversee the execution of the Group's strategy.

In 2016, the Group modified its organization, with the goal of optimizing its competitiveness and agility as well as accelerating its growth. The Group wishes to better capitalize on its customer-focused vision to ensure sustainable growth. The Management Board accordingly decided to launch a project to organize the Group around five Business Units reflecting the Group's commercial strategy and a strong focus on the activities linked to its core business, while also developing new business opportunities.



- Cars BU

  The Cars Business Unit is the Group's historic division. Its objective is to consolidate the Group's leading position in Europe, by continuing an organic and external growth strategy, in particular through acquisitions of franchisees (as the recent acquisitions of Irish and Danish franchisees illustrate). Revenue per rental day for the BU Cars in 2017 fell by 0.8% compared with 2016, but the Rental day volume increased by 11%. The BU had revenue of approximately €1.9 billion in 2017, which represents more than 80% of the Group's revenue for the year. The Cars BU targets both the leisure and business customer and offers customers a wide range of vehicles in all the countries where the Group operates. Contrary to the other Business Units which have a dedicated manager, the Cars BU is managed directly by the three members of the Management Board.

- Vans & Trucks BU

  The objective of the Vans & Trucks Business Unit is to become number 1 in Europe in the market for light commercial vehicles, a market representing €2.4 billion and growing at around 3% per annum (Source: McKinsey) The Business Unit is managed by a director, who is responsible for the Business Units' results, and has a small central team which supports the Vans & Trucks business, with country directors and Vans & Trucks teams on the ground. The Business Unit generated revenue of €267 million in 2017, representing 11% of the Group's revenues. Revenue per rental day for the BU Vans & Trucks in 2017 fell by 0.2% compared with 2016, but the Rental day volume increased by 29%. The main objectives for 2018 are to develop a network of agencies dedicated to the Vans & Trucks business segment, restructure its operational network, increase the revenue per rental day and improve the average monthly costs per fleet unit.

- Low cost BU

  The objective of the Low Cost Business Unit is to develop Group leadership in the low cost segment by offering an incomparable customer experience through technological innovations at accessible prices and a strong presence in the main tourist locations in Europe.

The Low Cost BU had revenue of €131 million in 2017, which represented 5% of total Group revenue. Revenue per rental day for the BU in 2017 rose by 8.3% compared with 2016, and the Rental day volume increased by 58%. The key factors of this Business Unit's success are to offer a wide range of additional services adapted to the needs of each clientele, an economy rental fleet, a growing digitalization of the customer experience, and to be at the technological forefront of the sector. The Low Cost BU has been substantially transformed following the Group's acquisition on December 19, 2017 of the Goldcar group, European leader and a pure player in the low cost segment. The Goldcar integration will occur from the first half of 2018. Goldcar will take over the Group's low cost business (Goldcar and InterRent). This will bring the Group's historical low cost business the benefits of the expertise, organization and lean procedures of Goldcar group.

Upon the acquisition of Goldcar, the Group announced that it planned to extract synergies from integrating Goldcar in the areas of fleet financing, purchase, insurance and structure costs. Cost synergies are estimated and confirmed at €30 million annually by 2020 (75% should be achieved by the end of 2019). For further information on the positioning of the Goldcar brand in the Low Cost BU, see Section 1.6.2 "*Europcar's brands and service offers*". For further information on Goldcar's business which will be integrated into the Low Cost BU in 2018 see also Section 1.6.4.3 "*Focus on the main characteristics of Goldstar's customers*", Section 1.6.5.3 "Focus on the principal characteristics of Goldcar's distribution channels", Section 1.6.6.6 "*Focus on main characteristics of Goldcar's network*", Section 1.6.7.6 "*Focus on main characteristics of Goldcar's fleet*", Section 1.6.9.2 "*Other IT applications and systems*", Section 1.6.9.3 "*Continuity of IT system services*".

- New Mobility BU

  The purpose of the New Mobility Business Unit is to set up, develop and deploy the Europcar Group's new mobility solutions to make it one of the major players on this market. The Business Unit includes four business lines: car-sharing, ride-hailing, car-pooling and multimodal platforms. These mobility solutions are offered on fully digital platforms (application and Web) and specially designed to meet the specific needs of customers. Customers benefit from a 360-degree experience thanks to the mobility solutions provided by the Group. The New Mobility Business Unit has at least one business line in each Corporate Country and has been built with the various acquisitions made by the Group in recent years: Brunel, Ubeeqo, E-Car Club, GoCar, Bluemove and Guidami.

- International Coverage BU

  The International Coverage Business Unit's objective is to expand Europcar services throughout the world. The Business Unit is managed by a Managing Director, with full responsibility for the revenue of the Business Unit, and consists of three departments managed by department directors: the Group Franchise department, the Group Alliances department and the Regional Sales department. In 2017, the Business Unit contributed approximately €50 million to the revenue of Europcar. The main task of the International Coverage Business Unit is to act as a facilitator between countries, driving and steering profitable business from/to all Europcar Corporate Countries, franchisees and partners.

These new Business Units benefit from the network's strength in different Corporate Countries as well as the experience of their managers.

The support functions ensure the implementation of the Group's strategy and bring their expertise to the Business Units and Corporate Countries.

This new corporate organization, which was implemented in January 2017, also provides the Group with new management bodies to better achieve the Group's ambition. For this purpose the Group has created:

- a Group Executive Committee whose task is to roll out the Group's strategy within the Business Units. It is managed by the CEO and includes the other Management Board members as well as the heads of each Business Unit and the heads of the following support functions: Commercial Director, Head of Customer Experience, Finance Director, HR Director, IT Director, General Secretary, Strategy Director and Marketing Director;
- a Committee of Country Managing Directors whose role is to ensure the smooth roll-out of the Business Unit strategy at the local level and operational excellence in business management. It is run by Kenneth McCall and includes all Corporate Country Managing Directors.

See Section 1.3.4 "*Information by Business Unit*" for more information on each of the Business Units and Section 5.1.5 "*Other management bodies*" of this Registration Document for more information on the management of the Group and the Corporate Countries within the new Group organization built around five Business Units.

1.6.2 Europcar's brands and respective service offers

In 2017, the Group focused its strategy on its three main brands, Europcar®, InterRent® and Ubeeqo®, targeting a wide range of customer segments for vehicle rentals and vehicle sharing:

- Europcar® is the Group's core brand addressing the mainstream vehicle rental market. It is used worldwide directly and through the Group's franchisee network in order to serve a wide range of market segments, as well as a portfolio of diversified customers, from "Large Corporates" (among business customers) to individual leisure customers. The Group aims to maintain customers' brand trust by offering high quality innovative services and simple and transparent offers and services. To promote the brand, the Group is using a diversified range of online and offline campaigns focusing on its products and services. The Group also has international partnerships with airlines, major hotel groups, railway companies and credit card companies that both promote the brand and generate demand;
- InterRent®, deployed by the Group since 2013 as the low cost brand, is in the process of repositioning itself as the medium-price brand in the range since the acquisition of Goldcar in 2017. The objective of the InterRent® brand is to offer an excellent value-price vehicle rental service to its customers. To do this, the brand has a fleet of more than 20,000 vehicles and is developing its internet presence to capture new clients, mainly in the leisure segment;
- Ubeeqo is the European specialist in car-sharing, with more than 2,500 vehicles in 11 cities located in 6 countries (France, United Kingdom, Spain, Germany, Italy and Belgium). The B2C offer enables the user to very simply reserve a vehicle for a period ranging from one hour to several days and open it using a smartphone, directly in the street. Furthermore, Ubeeqo is the European pioneer and leader in the corporate car-sharing market. Ubeeqo offers a high quality service and has vast experience with a number of large corporates (Airbus, Danone, L'Oréal, Safran, Michelin, Sodexo, etc.). Corporate clients want a simple, dedicated fleet to share amongst their staff members, for private as well as professional use. The vehicles are easily reserved online or via an app and can be opened with an employee corporate identity card. A solution through which it is no longer necessary to manage keys and which is highly personalized based on the customer's needs.

During the second half of 2017, in the context of its acquisitions, two new brands have been integrated within the Group:

- Goldcar® is the newest vehicle rental company acquired by the Europcar Group and aims to be the leader in the low cost leisure market in Europe. With more than 30 years of experience in the car rental sector, the company now owns 97 offices worldwide, including both corporate and franchises. The three pillars of its core business strategy, which are geographical expansion, an excellent customer service, and the investment in new technologies, allow Goldcar to continue offering the best prices and service to its customers. The low cost market in which Goldcar operates represents approximately 14% of the vehicle rental market (*i.e.* €1.4 billion in value) in the European Corporate Countries (1) in 2015 (2);
- Buchbinder® is one of the largest vehicle rental providers in Germany with 180 locations including all major airports in Germany, Austria, Hungary, Slovakia and Northern Italy. The company has around 1,700 employees and operates in approximately 130 downtown locations in Germany leveraging its access to the network of ATU (Auto Teile Unger), the largest operator of car repair shops in Germany, Austria, Czech Republic, Netherlands and Switzerland. Buchbinder is a market leader in commercial light vehicles in Germany and Austria and a major operator of passenger cars in Germany, Austria, Hungary, Slovakia and Northern Italy.

Following Goldcar's acquisition in 2017 and the restructuring of the Low Cost Business Unit, the Group has embarked on a repositioning of its brands. The Group will pitch the Europcar® brand at the premium market and gradually reposition InterRent® as a mid-market brand aimed at leisure customers looking for a fair balance between price and basic service. The decision to position InterRent® in the mid-market range is a strategic decision which should allow the Group to address a segment estimated at 20% of the total market and has significant potential for development given the dynamic trends in the market. Goldcar® will be positioned as the Group's sole low cost brand.

1.6.2.1 Europcar® brand

Europcar® is the Group's core brand and offers vehicle rentals for any length of time. Europcar® offers a wide variety of recent models of passenger cars and light commercial vehicles for rental on a daily, weekly or

(1) Excluding Corporate Countries acquired in 2016 and 2017.

(2) Source: BCG study, on the basis of revenue generated in 2015 by the "low cost" brands of the principal participants in the vehicle rental market and local independent companies that disclose their positioning and "low cost" revenue.

monthly basis, with rental charges computed on a limited or unlimited mileage rate. While vehicles are usually returned to the location from which they are rented, the Europcar network also allows one-way rentals from and to selected locations.

To increase the visibility of the Europcar® brand, the Group is developing various initiatives through a variety of channels: traditional media, such as radio and print advertising, as well as online media, social media and email marketing through desktop and mobile device applications. Europcar has also developed a worldwide loyalty program to reward the loyalty of its frequent travelers: the Privilege program is a four tier program addressing both leisure and business segments. Europcar develops co-marketing initiatives with car manufacturers to support its product launches, such as the #europcarousel operation with Mercedes-Benz in 2016 for the Selection product, which guarantees that the customer will be allocated the exact luxury model that he or she reserves, and its mobility partnerships with PSA, Renault Nissan and Smart. The Group also has international partnerships with airlines, major hotel groups, railway companies and credit card companies that both promote the brand and generate demand.

The Group has been recognized with numerous awards since 2000, including at the World Travel Awards, an event that recognizes excellence in the global travel and tourism industry. In 2016 and in 2017 Europcar received awards for the World's Leading Green Transport Solution Company and the World's Leading Car Rental Company Website, as well as Europe's Leading Car Hire company, Australia's Leading Car Hire, Africa's Leading Car Hire, Middle East's Leading Car Hire and Mexico & Central America's Leading Car Hire.

Europcar® service offerings

TARGETED, DIFFERENTIATED OFFERINGS

The Group uses its knowledge of the market to develop and progressively roll out new mobility products and services. Examples of innovative Europcar® branded products and services launched in all or part of its network include:

- customized packages:
  - FitRent: a mid-term (minimum of 30 days without any time-commitment) rental product targeting small and medium-sized enterprises (SMEs). This product was launched at the beginning of 2014 and is available in France, Portugal, Belgium, Spain, Italy and Germany. It offers car and commercial vehicle rentals, flexible terms, a simple, all-inclusive offer (in particular mileage, insurance, additional driver) and convenient monthly reporting and billing;
  - AutoLiberté: a subscription-based car rental product targeting urban customers in France. This service offers, on a monthly fixed-price basis, two levels of subscription according to vehicle category. With this product, the Group aims to increase customer loyalty and benefit from customers' growing demand for mobility solutions other than individual car ownership;
  - Funway: a program offering one-year discounts to occasional customers who rent a vehicle for a weekend or during a holiday period. Funway thus encourages repeat business and promotes brand loyalty among occasional vehicle renters;
  - Model Choice: a service which allows the customer to request specific makes and models from our fleet at participating stations (unlike other car rental reservations which cover a category of vehicles). Model Choice is available in the United Kingdom, Germany, Spain, Italy, France, Belgium, and Portugal;
- time-saving services:
  - Deliver&Collect: a service for both business and leisure customers that enables the rental vehicle to be delivered to the customer and/or be returned to a chosen location, eliminating the need for the customer to come to the rental station. At present, this service is available in the United Kingdom, with the aim of launching it in other countries during the second half of 2018;
  - Priority: a service dedicated to the loyalty program members and to online customers who select the online check-in option, that allows the customer to complete his/her online customer profile (including, in particular, his/her driving license number) so that the Europcar location can then prepare the rental contract prior to the customer's arrival and thus limit time at the counter. Priority customer have access to a dedicated sales counter;
  - Keylocker: a self-service kiosk from which customers can collect their keys directly. The main advantages are saving time (waiting and service time) and flexibility, allowing customers to access their vehicles outside normal agency opening hours. The service has been launched in five stations in Germany;
- premium services:
  - Selection: a premium mobility service that offers customers a unique rental experience. The service offer can be customized and is based on five pillars: a fleet composed of an outstanding range of prestige

cars from premium brands, a choice of a specific make and model, a specific counter in the station, an exclusive customer service telephone line, and a network of dedicated "Selection" stations. This service was launched in early 2016 and is now available in the United Kingdom, Germany, Spain, Italy, France, Belgium, Portugal, Australia and New-Zealand;
  - Driver services: through the acquisition of Brunel, Europcar offers driver services to business customers in 75 countries and is also addresses the chauffeur service needs of the leisure market via its Global Drive service;
- targeted broker products:
  - Keddy by Europcar®: this product, launched in March 2015, is available in Germany, France, Spain, Portugal, Belgium and the United Kingdom. It is tailored to tour operators, travel agencies and online brokers that market to leisure customers who are price-sensitive but looking for more services than typically available in the low cost segment.

ANCILLARY PRODUCTS AND SERVICES

The Group offers its customers a range of additional services and equipment on a fee basis, including those described below:

- protection: the Group offers its customers a range of optional insurance products and coverage such as physical damage insurance, theft protection, headlight and tire protection, supplemental liability insurance and Personal Accident Insurance, which provides accidental death, permanent disability and medical expense protection (which can include personal effects coverage);
- equipment: the Group also offers navigation systems, child seats, winter equipment and roof racks, as well as other equipment depending on the agency and availability;
- service: the Group also offers its customers an extended range of services to respond to specific customer needs such as Deliver & Collect services, additional driver, fuel refueling service, around the clock services, etc., depending on the agency and availability;
- surcharge: finally, the Group may apply some additional fees under certain circumstances, for example: cancellation & no show fees, airport surcharge, young-driver surcharge, cross border fee, etc.

Loyalty program

The Europcar® brand has a free loyalty program called "Privilege", which provides customers with a range of rewards and services. This program, which was revamped in 2014, is designed to improve customer retention in an industry characterized by a low retention rate of leisure customers. The program provides specific benefits such as free upgrades and weekends with free rentals depending on four Tier levels (Privilege Club, Privilege Executive, Privilege Elite and Privilege Elite VIP) based on the number of rentals made or on the number of rental days. For each level of loyalty, specific benefits have been defined and a complete Customer Relationship Management (CRM) plan has been implemented to maintain an ongoing relationship with members and to send specific and exclusive offers to program members for their leisure rentals. Through this specific CRM plan, 70% of program members have repeated their rentals from Europcar from one year to the next in the last three years as compared to 30% for non-members. There are specific benefits for each loyalty level. In addition to fostering loyalty, information generated by the program enables the Group to develop new offers targeted to customer demand and improve commercial synergies among Europcar users in the business and leisure segments. As of December 31, 2017, the Privilege program had 1.8 million members.

Customer satisfaction

The Group tracks customer satisfaction levels based on its "Promoter Score" program in place since 2011, which gathers feedback from customers as to whether they would recommend Europcar to friends and family. The Group's continued efforts to improve the customer experience was reflected by a net increase in the Group's "Promoter Score" (determined by collecting customer opinions after each rental and based on the percentage of customers who indicated that they were "very likely" or "extremely likely" to recommend Europcar), from 58% in 2011 to 66% in 2012, 72% in 2013, 79% in 2014 and 44.9% in 2015. Since 2015, Europcar has made changes to customer satisfaction measurement by monitoring a more structured performance indicator, driving towards excellence, the Net Promoter Score (NPS) *, *i.e.* the difference between the "promoters" and "critics" of the brand. Detailed analysis of the NPS has identified ways to improve the score and monitor the performance of actions undertaken. The method used for gathering customer reviews (email) has been harmonized. The Group's NPS was accordingly 49.6% in 2016, and 54.7% in 2017.

All Group employees are involved in this Net Promoter Score * *via* a part of their variable compensation. Rental station scores are reviewed weekly and action plans implemented based on these reviews.

The Group has also launched online reviews and ratings on its websites to foster transparency, interaction and customer confidence.

1.6.2.2 InterRent® brand

Until 2017 and prior to the Goldcar acquisition, the InterRent® brand targeted the low cost segment with an objective to expand the Group's customer portfolio. Following the Goldcar acquisition, the brand is repositioning towards the mid-range segment.

The brand, the slogan of which is "drive, save, enjoy", targets leisure travelers who are sensitive to a good quality/price relationships with a customized offer. The InterRent® brand uses a separate website and reservation system which are managed independently from the Europcar® brand platform. InterRent® stations are either separate from Europcar® stations or use a separate counter in a Europcar® station. The purchase and maintenance of vehicles as well as administrative functions are managed at the Group level in order to benefit from economies of scale and a better cost-efficiency ratio.

InterRent® offers a simple and direct customer service that meets the requirements of leisure customers who are sensitive to cost and to service quality. Cars available are often not as new as those offered under the Europcar® brand, with a more limited selection of categories (mini, economy, compact and family), brands and models. InterRent® offers customers competitive prices with more limited customer service than under the Europcar® brand. For example, one-way rentals are not available. Rentals must be prepaid. InterRent® reservations must be made through the brand's separate website and reservation system.

The InterRent® brand was first tested in Spain and Portugal in late 2011, then starting in 2013 it was deployed in six Corporate Countries in Europe and New Zealand. As of December 31, 2017 the brand was available at 116 rental stations, primarily at airports and train stations (see Section 1.6.6 "*Europcar's network*" for the geographical distribution), with an average fleet of 21,478 rental vehicles in 2017 compared to 13,643 vehicles in 2016.

The Group is also actively developing its InterRent® franchise network, with franchises in place in 34 countries as of December 31, 2017, covering the Mediterranean basin, but also with the desire to reinforce the brand's presence, particularly in Europe and the Middle East (Dubai, Oman, Abu Dhabi).

InterRent® is managed from Madrid by a dedicated team in charge of defining the brand's strategy worldwide to further improve its competitiveness. The Group is currently investing in social media campaigns and projects to promote the brand through its website.

1.6.2.3 Ubeeqo® brand

Ubeeqo® offers its B2B customers access to a multi-modal reservation platform allowing customers to choose the means of motorized transport that best suits them: self-service, chauffeur-driven cars or car rentals from an agency, as well as car-sharing services (general public or companies). The Ubeeqo® brand is now present in France, the United Kingdom, Germany, Luxembourg and Belgium. It has been present in Italy since December 2016 through GuidaMi and in Spain through Bluemove since June 2016.

For more information on the Ubeeqo® brand, see Section 1.6.3 "*Mobility solutions*" below.

1.6.3 Mobility solutions

The Group offers its customers the following mobility solutions:

- *Ubeeqo*

  In November 2014, the Group acquired a 70.64% interest in Ubeeqo International, a French start-up company established in 2008 and one of the pioneers in mobility and fleet management services for companies and more recently for individuals. The acquisition is part of Europcar's strategy to expand its mobility solution offering to respond to customer needs by providing simple, turnkey solutions. This acquisition allowed the Group to sustain Ubeeqo's development in new mobility technologies in Europe. In 2015, Europcar Lab increased its interest in Ubeeqo International to 75.7% *via* a capital increase not subscribed by the founders, who held the remaining shares. The founders continue to manage Ubeeqo's development with the support of Europcar. The shares were subject to reciprocal put and call options between the founders and the Company. On February 17, 2017, Europcar Lab acquired a minority stake from the founders of Ubeeqo International, thus bringing its holding in Ubeeqo International to 100% of the capital and voting rights.

  Through its solutions and technologies, Ubeeqo encourages individuals to travel differently, by making better use of cars when they are indispensable, or by using an alternative where possible. Ubeeqo, present in France, Luxembourg and Belgium, as well as in the United Kingdom and Germany since 2015 and in Spain and Italy since 2016, offers various services and car-sharing services (general public or in companies) or mobility credit for their employees. Ubeeqo plans to continue integrating these recent acquisitions in Spain and Italy, as well as its expansion in Europe and in countries where Europcar benefits from a network of franchises, to build its global footprint.

In this way, Ubeeqo is able to propose innovative and complementary solutions to companies, in particular:

- "Ubeeqo Fleet": a car-sharing solution that promotes private fleet sharing within a company and between companies, designed principally for industrial sites, on a lease-type financing model (average contract duration: 40 months);
- "Ubeeqo Benefits": a multimodal alternative to the company car, providing employees with access to a fleet of shared cars and a mobility stipend to fund personal travel needs (train, taxi and car rental), along with a one-stop application;
- "Ubeeqo Office": providing a company with a private car-sharing station, available to employees to facilitate professional and personal travel. The economic model for this product is "pay per use", especially designed for city-based headquarters;
- "Ubeeqo Street": a self-service car service, in a closed-loop arrangement (at the end of the reservation, the car must be returned to its departure location) in the main European cities (Paris, Berlin, Hamburg, Brussels, London, Madrid, Barcelona, and Milan). The vehicles are available in the city, in business districts and at railway stations. Using the Ubeeqo application or *via* the Internet, the customer can reserve a vehicle for a few hours or several days;
- "Ubeeqo for Business": the mobility application is available with a Business account, thereby providing employees access to Ubeeqo Street (self-service car service available in the main European cities) and guaranteeing the employer a single invoice and detailed reporting.

Ubeeqo's current customer base includes several blue chip French companies, such as Danone, L'Oréal, Airbus, and Michelin. Its business targeted for German companies realized strong growth in 2017. Its solutions aim to provide customers with significant savings, enhanced employee satisfaction and a limited impact on the environment.

- *E-Car Club*

In July 2015, Europcar Lab acquired a majority stake in the share capital of E-Car Club, the UK's first entirely electric pay-per-use car club. E-Car Club's vision is to improve local mobility, while reducing costs and the environmental impact of its users' travel. The company deployed its original car-sharing solution in several British agglomerations like London, Hertfordshire, Northamptonshire, Oxfordshire, Buckinghamshire, Warwickshire and Fife, around ecosystems such as universities, local public authorities or even residential building programs. At the end of December 2017, Europcar Lab acquired the minority stake not already owned in E-Car Club. Europcar Lab now holds 100% of the share capital and voting rights of E-Car Club.

- *Car2go Europe*

Through Car2go Europe, a joint venture with Daimler in which the Group held a 25% stake, the Group also developed car-sharing services for individuals. Car2go Europe is a car-sharing service aimed at making rental vehicles available to subscriber customers in European cities. Initially launched in Hamburg and Vienna in 2011, the service was rolled out in a number of major European cities including Turin and Madrid in 2016. The Group has recorded its stake in Car2go Europe under the equity method as of December 31, 2017. Europcar reached an agreement to dispose of its stake in Car2go on March 1, 2018. See Section 1.2.3 "*Significant post-closing events*".

- *Wanderio*

Wanderio is an Italian start-up created in 2013, in which Europcar Lab initially acquired a 20% stake in 2016. As of December 31, 207, this stake is now 33.3% of share capital. Its goal is to simplify the lives of customers by providing the best means of transport to go from point A to point B, based on two criteria: price and trip length. Europcar's investment should allow Wanderio' to increase its presence in Europe.

- *Brunel*

Brunel is a leader in private B2B chauffeur services available through mobile application. It mainly targets business customers across a range of industries, in particular investment banks, law firms, consulting firms and financial institutions. The acquisition of Brunel represents a new step in the Europcar strategy of offering a complete range of mobility solutions to its customers, with a large choice to meet the time and convenience needs of each customer. Brunel services are also available internationally through a network of partners in 75 countries, covering 480 cities.

- *Snappcar*

Founded in 2011, Snappcar is the second largest international peer-to-peer car sharing platform in Europe. In May 2017, Europcar Lab acquired a 20% minority investment in the company with the objective of enriching the Group's mobility offer and targeting new types of customers. At the time of the acquisition, Snappcar had more than 250,000 customers sharing over 30,000 cars available on its platform. The goal of Snappcar is to reduce the number of cars owned by 5 million by 2022.

1.6.4 Customers (Business/Leisure)

The Group's products and services are offered to a large range of business and leisure customers. Business customers primarily include large corporates, small and medium-sized businesses, as well as entities renting vehicles to provide temporary vehicle replacement services. Leisure customers primarily include individuals renting vehicles for their personal needs, in particular for travel during holidays and weekends, directly or indirectly *via* tour operators, brokers or travel agencies.

The business and leisure segments have different and complementary characteristics, particularly in terms of seasonality of demand, which allows for better management of the Group's network (both in terms of stations and the fleet utilization rate *). The Group believes that maintaining an appropriate balance between business and leisure rentals is important to maintain and enhance its overall profitability and the consistency of its operations throughout its network. Consolidated revenue generated by the business and leisure customer segments remained relatively stable during the last few years. For the year ended December 31, 2017, leisure rentals accounted for approximately 56% of the Group's vehicle rental income (excluding fees received from franchises), with business rentals accounting for the remaining 44% (against 58% and 42% respectively in 2016).

Certain of the Corporate Countries in Europe (Germany and Belgium) are more geared towards business customers, while others (Spain, Italy. Portugal and Ireland) are more geared towards leisure customers and others (France, the United Kingdom and Denmark) have a balance between business and leisure customers. The Corporate Countries in the Rest of World operating segment (Australia and New Zealand) are more active in the leisure market. The table below shows the breakdown of the Group's revenues from rental activities (excluding fees received from franchisees) by business and leisure customer segments in the Corporate Countries for the year ended December 31, 2017:

BREAKDOWN OF THE GROUP'S VEHICLE RENTAL INCOME BY CUSTOMER SEGMENT IN THE CORPORATE COUNTRIES IN 2017

	For the year ended December 31, 2017	
Corporate Countries	**Business segment**	**Leisure segment**
Germany	61%	39%
United Kingdom	47%	53%
France	45%	55%
Italy	32%	68%
Spain	28%	72%
Australia/New Zealand	21%	79%
Belgium	60%	40%
Portugal	23%	77%
Ireland	25%	75%
Denmark	53%	47%
Luxembourg	100%	0%
TOTAL	**44%**	**56%**

With approx. 5.7 million drivers recorded in Europcar's reservation system in 2017, the Group believes that its customer portfolio is one of the strongest and most diverse in the European vehicle rental industry.

1.6.4.1 Business customers

Business customers who rent a vehicle from the Europcar network include large corporates, small and medium-sized companies as well as vehicle-rental companies offering replacement services. Most business customers rent cars from the Europcar network on terms that the Group has negotiated (either directly or, in the case of small and medium-sized enterprises, through travel agencies). The Group also categorizes rentals to customers of companies offering support services and vehicle replacement as business rentals.

Revenue from business customers tends to be primarily concentrated during the period from Tuesday through Thursday each week. Revenue from business customers is less subject to seasonal change.

Large corporates

Europcar has several contracts with major international accounts, such as Lego and EuropAssistance, for which it is the exclusive or preferred supplier of rental vehicles to their employees for their professional use. Europcar also has a strong presence within assistance companies and rental companies which provide short-term rental services for their own B2B or B2C customers.

The contracts with large corporates are concluded at pre-negotiated rates and service-levels. Many of the Group's business customers have direct access to Europcar's IT system *via* dedicated micro-sites, providing such customers with reservation and invoicing interfaces specifically tailored to their needs. When the volume of rental transactions with a particular customer is significant, Europcar may be led to "implant" a rental station directly on the customer's premises.

Vehicle rental contracts are typically signed with large corporates based on competitive tenders at the end of which one or more suppliers are selected. The Group organizes the structure of its sales teams for large corporates based on the general requirements of different industry sectors to ensure that it uses its knowledge of these sectors to propose appropriately tailored offers.

The companies which have centralized purchasing services at the Group level are managed by a dedicated international sales team who are responsible for the sales relationship at the Group level.

Small and medium-sized businesses

Europcar is the exclusive or preferred provider of rental vehicles to employees of numerous small and medium-sized businesses (SMEs) at pre-negotiated rates and conditions. This customer segment is characterized by a large number of accounts, which limits exposure to any single customer. The Group is focused on further penetrating this customer segment, in which it sees opportunities for profitable growth. An example, in 2014, the Group launched its FitRent product aimed at small and medium-sized companies (SMEs) (see Europcar®Service Offerings under Section 1.6.2.1 "*Europcar® brand*").

This segment experienced sustained growth and now has a specific B2B portal with services and information tailored to business customers.

In 2016, Europcar also launched an innovative partnership with Taxeo. This service enables the Group's business clients to recover VAT, where appropriate, on their employees' travel from one country to another European Union member country.

Vehicles replacement

The replacement vehicle rental industry principally involves the rental of vehicles to insurance and leasing companies, vehicle dealers and other entities offering vehicle replacement services to their own customers. *Via* insurance companies, the Group offers its services to individuals, whose vehicles were damaged in accidents, are being repaired or are temporarily unavailable. In order to strengthen this business, Europcar has entered into several agreements with insurers, dealerships, repair shops and vehicle leasing companies. The Group seeks to further develop its activities in this customer segment by expanding its existing customer base (including in franchised countries) and through the implementation of incentives and special offers through the Group's principal partners.

1.6.4.2 Leisure customers

Leisure customers primarily include individuals renting vehicles for their personal needs, in particular for travel during holidays and weekends, directly or indirectly *via* tour operators, brokers and travel agencies. The Group also serves a portion of its leisure customers through partnerships to expand its customer base.

Leisure rentals are typically longer in duration and generate more revenue per transaction than business rentals (other than vehicle replacements). Leisure rental activity is more seasonal than business rental activity, with heightened activity during the spring and summer (particularly in France, Southern Europe, and in December and January in Australia and New Zealand). Leisure rental activity also tends to be higher on weekends than mid-week.

Individuals

This segment includes all individual customers contracting directly with Europcar. Individuals book directly under the Europcar® brand through the brand's website or using the Europcar® app, cell phones or tablets, through call centers and vehicle rental stations and under the InterRent® brand through the brand's dedicated website or the InterRent® app, cell phones or tablets (see *Europcar's Direct Distribution Channels* under Section 1.6.5.1 "*Distribution Channels*"). The Group intends to further develop its activities in this customer segment following the optimization of its E-commerce Department in order to accelerate the trend in reservations on websites and mobile applications and the signing of new agreements with general sales agents in order to stimulate international demand, in particular in China, India, Russia and Brazil.

In recent years, the development of new mobility services has led to new uses by customers. For example, customers are not only using the Ubeeqo and E-car services for leisure, but also use these services daily and throughout the week. In addition, the duration of the use of services can be very short with rentals sometimes for less than a day, or even limited to a few hours.

Partnerships to reach leisure customers

Europcar has partnerships with several players in order to offer mobility services to its customers. These exclusive or preferential partnerships allow Europcar to expand its leisure customers. Business is generated through Europcar's distribution on partners' channels or through participation in partners' loyalty programs.

Europcar currently has international partnerships in different sectors that represent a significant portion of its vehicle rental income, including:

- in the airline sector, partnerships with airlines such as EasyJet (exclusive partnership in place since 2003 and renewed in April 2014 for a three-year term since then extended in May through September 2019), Lufthansa signed in March 2017 for 2 years through October 2019, Aeroflot (exclusive partnership signed in December 2013 for a five-year term), Emirates (partnership signed in March 2014, under which Europcar customers who are members of the Skywards frequent flier program receive miles in Emirates' frequent flier programs for every rental), Qatar Airways (in the context of the Qatar Privilege Club) and Air Caraïbes (March 2016);
- in the hotel sector, partnerships with large groups such as Accor for business, marketing and communication purposes (partnership established January 1, 2000 and renewed in 2015 for three years and is still in effect as of December 31, 2017); and
- in the railway sector, partnerships with Thalys.

The Group also has marketing partnerships with credit card companies, credit institutions and organizations offering loyalty programs, such as HSBC.

Europcar's contractual relationships with its principal commercial partners typically have terms of between two and four years.

The Group plans to increase its development on this customer segment through the signature of partnerships in new sectors (cruise ships, banks, insurance) utilizing it multiple brands and products.

Tour operators, travel agents and brokers

Europcar works in close collaboration with various tourism-industry intermediaries, leveraging their marketing positioning to improve the Group's visibility and reputation and to enter additional distribution channels.

Europcar has agreements at the international and national levels with several travel agencies (including online travel agencies) that work directly with Europcar or through tour operators or brokers to offer vehicle rentals to customers, either on a stand-alone basis or as part of packages.

In addition, Europcar has multi-year agreements with certain major tour operators such as TUI to serve their customers' leisure-destination needs. Tour operators are traditional partners, combining vehicle rental with hotels and flights to offer packages to customers.

Brokers are leisure intermediaries who sell vehicle rental services to end customers on their own behalf or on behalf of the vehicle rental companies.

The Group considers that it maintains ongoing, balanced relationships with these different intermediaries. These relations based on a multi-brand or multi-product strategy allow the Group to benefit from additional contributions made to its activities during the low season, or for certain partners, from intermediaries' early payments especially during high season, a period when the Group guarantees them a certain number of vehicles.

1.6.4.3 Focus on the main characteristics of Goldstar's customers

Goldcar's customers are characterized by a strong interest in experiencing the best quality service possible at the lowest price. Benefiting from a broad network of stations in the top hotspots and main destinations, the typology of the clients is, in its majority, leisure-focused, 45-year-old, middle class males (only 16.3% of the customers are females) who are on vacation and have confidence in the brand.

British (18.4%), Spanish (17.6%) and Germans (11.1%) were the top customers by country of residence. A large number of local clients also hired Goldcar services due to its good brand reputation.

When making a reservation, customers pay close attention to the level of information provided and do not appreciate prices increasing when the purchase is completed. To better meet these needs, the company has implemented a plan aimed at improving transparency with customers during the booking process, making service conditions clearer and more accessible during the purchasing process.

1.6.5 Distribution Channels

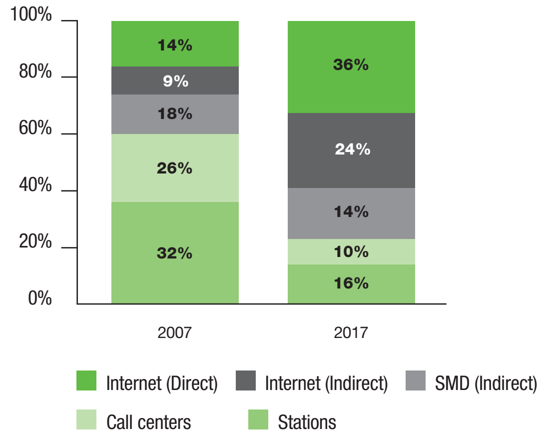
The Group's customers have access to mobility offers of Europcar through various distribution channels.

They may book rental vehicles under the Europcar® brand in the worldwide network through local, national or toll-free telephone calls handled by call centers; directly through stations; or, in the case of replacement vehicle rentals, through a proprietary dedicated system serving the insurance industry. Additionally, customers may make reservations for rentals worldwide through the Group's websites and using its apps or cell phones and tablets. These channels are known as "direct" booking channels as they are controlled by the Group.

Customers may also book vehicles through indirect distribution channels, such as travel agents, brokers, or other third-party travel websites. Such third-party actors often utilize a third-party operated computerized reservation system, known as a Global Distribution System or "GDS", to contact Europcar and make the reservation on behalf of the customer.

The following chart sets out the breakdown in reservations by distribution channel including direct channels controlled by the Group (stations, call centers, Europcar-controlled websites) and indirect distribution channels (intermediaries' websites and GDS) in 2007 and 2017 in the Corporate Countries [(1)].

CHANGE IN BREAKDOWN OF RESERVATIONS BY DISTRIBUTION CHANNEL BETWEEN 2007 AND 2017



Source: Company.

As shown, the Group uses varied distribution channels to better service its customers. Online reservations (direct and indirect Internet as well as GDS reservations) represented 74% of the Group's total number of reservations in 2017.

1.6.5.1 Europcar's direct distribution channels

Internet

The Group has invested in its websites and applications, with a view to the growing role of e-commerce. Since 2014, more than 80 websites operated for Corporate Countries and Europcar franchisee countries, as well as its partners, have been migrated to a new e-commerce platform. In 2015, Europcar launched a B2B portal on its websites to better serve its customers and capture online Business customers especially on the SME market. Lastly, in 2016, the mobile site was completely redesigned, leading to growth in smartphone sales of more than 100% year-on-year, with the share of mobile sales now regularly exceeding 30% of online sales. These initiatives also include the increasing digitalization of customer transactions from one-click booking to mobile check-in and check-out.

Europcar uses its websites to both inform and serve its customers, providing online reservation systems and information about its services. Europcar enables reservations from customers *via* its country-specific websites, including Europcar.com and Europcar.biz, mobile applications, as well as through Internet micro-sites accessible (i) by customers of the partners with whom it has an exclusive relationship and (ii) by employees of Europcar's large corporate customers. Such micro-sites dedicated to business accounts enable Europcar to address the needs of customers without intermediaries. Europcar also offers direct reservations through the websites of its partners, such as EasyJet. Reservations for the InterRent® brand are mainly made and prepaid over the brand's website.

Online reservations facilitate price comparisons, thereby increasing competitive pressure in the industry. Nevertheless, sales through these channels carry lower direct distribution costs than traditional distribution channels and result in a simplified and enhanced customer experience.

In 2016, the Group received the "Best car rental website" award from World Travel Awards, reflecting the investments made by the Group in this distribution channel.

Traditional direct distribution channels

Although vehicle reservations are increasingly moving towards e-commerce, Europcar continues to maintain its traditional direct distribution channels. Traditional direct distribution channels include Europcar® call centers and rental stations. These channels remain important indeed

(1) *Excluding Austria, Slovakia, Hungary and Turkey.*

and are complementary to Internet channels since, among other things, they are more conducive to the sale of ancillary services.

The Europcar® call center network consists of Group call centers located in Germany, Portugal, Belgium (partially outsourced), Australia/New Zealand and the United Kingdom. The call centers in Berlin and Cologne, Germany (covering Germany), in Madrid, Spain (covering France, Italy, Spain and the United Kingdom) and in Sofia, Bulgaria (covering Australia, Belgium, France, Italy, Spain and the United Kingdom) are outsourced and handle approximately 80% of calls from Europcar customers who wish to make a reservation or request.

1.6.5.2 Indirect distribution channels (Internet, GDS)

Classic indirect distribution channels are represented by vehicle rental brokers and intermediaries such as travel agents and tour operators, who use computerized reservation systems (GDS), which allow reservations on the Europcar network. The Group pays third party distributor fees for each reservation.

Over the last few years, the percentage of reservations made *via* GDS has decreased from 17% of the Group's total number of reservations in 2010 to 14% in 2017. Inversely, indirect reservations *via* the Internet have increased from 13% of the Group's total number of reservations in 2010 to 24% in 2017 (compared with 24% in 2016).

Although these indirect distribution channels provide the Group with access to a broader customer base than through its direct distribution channels alone, the indirect customer segment can face stronger competition, as intermediaries and partners generally distribute rental vehicles from several players in the sector. Therefore, Europcar seeks to conclude exclusive or privileged strategic partnerships, under which the Company is the only or the first rental vehicle service provider.

Europcar has signed local agreements with large tour operators and travel agents, which target business customers in particular. Europcar is not an exclusive supplier for these tour-operators and agents, who choose to make reservations for business customers who do not have a direct agreement with a vehicle rental company, at local level. When a customer has a relationship with both Europcar and a tour-operator, the latter acts as the distribution channel and makes reservations in accordance with the conditions negotiated with the customer.

Tour-operators generally offer vehicle rentals as an independent service or as part of a global offering including other services such as air tickets or hotel rooms and are generally compensated by the difference between the resale price to customers and Europcar's selling price to tour operators. Travel agents and most of the brokers, who act as Europcar agents, rent vehicles at a price determined by Europcar and receive a commission on this price.

Third party travel websites have also grown in importance as a distribution channel for Europcar. Currently, the Group is partner of several major online travel portals, which offer three distinct marketing benefits:

- expand the geographical zone addressable by the Group and thus increase Europcar's network of potential customers particularly from the non-European market;
- implement dynamic pricing strategies sensitive to short term demand and supply trends of vehicles at specific locations with the global service offering of these travel portals;
- indirectly benefit from the links between these travel portals and airlines that are not yet partners in the Europcar network.

The development of the indirect digital distribution channels has also benefited from the growing presence of car rental brokers in the market. Europcar has signed agreements with most of the major car rental brokers in Europe. Customers have access to a large range of offers from car rental companies and can directly reserve *via* the broker's website.

The Group enjoys balanced relationships with intermediaries from the tourism industry. These include the following:

- the vehicle rental industry in Europe consists, as regards the major players, of companies operating under strong and recognizable brands, including Europcar. Moreover, these companies have developed attractive geographical networks for customers. This direct relationship between customers and the brand, and the proximity of services offered to customers to the places where they need mobility favors the adoption of balanced partnerships between the vehicle rental company and intermediaries in the tourism sector addressing a complementary target;
- vehicle rental companies are able to adjust their fleet sizes to match demand, in particular when their vehicles are acquired through buy-back programs, which is the case for the majority of Europcar's fleet. The Group believes that it has variable vehicle capacity, as contrasted with the fixed capacity that may characterize other sectors, such as the hotel sector, which enables it to manage its various distribution channels consistently;
- vehicle rental companies benefit from volume commitments in low season and prepayments in high season from certain intermediaries, and in return, offer these intermediaries guaranteed availability in high season; and

- in their principal markets, agents rent the Group's vehicles at a price determined by Europcar and receive in compensation a commission on this price.

The size of Europcar's network, the availability of its fleet and the quality of its service are the principal factors of its success in this distribution channel.

1.6.5.3 Focus on the main characteristics of Goldcar's distribution channels

As a major player in the car rental sector, Goldcar's revenue and bookings volumes are the result of a strategy involving direct and indirect distribution channels.

Over the past few years, the trend – as well as the targeted business plan – has been to continue growing website revenue, finding a balance with the intermediaries' volumes. However, despite a 10-point increase over the 2014-2017 period, indirect channel continues to be the most important source of income for Goldcar.

The company works and keeps daily contact with a wide range of brokers. These are mainly distributed into two groups; the "Top 7" and the "Others", a group consisting of small, medium and local intermediaries. This division is of great importance for the company given that "Others" and local players have a significant influence over a specific market such as Turkey, where Goldcar runs five offices and is expected to open two more in 2018.

All objectives, regardless the group in which brokers are classified, are only negotiated individually in terms of transactions. Goldcar gives each of the intermediaries either a retail based product or a net product and extra commission subject to reaching and exceeding objectives in terms of volume.

1.6.6 Europcar's network

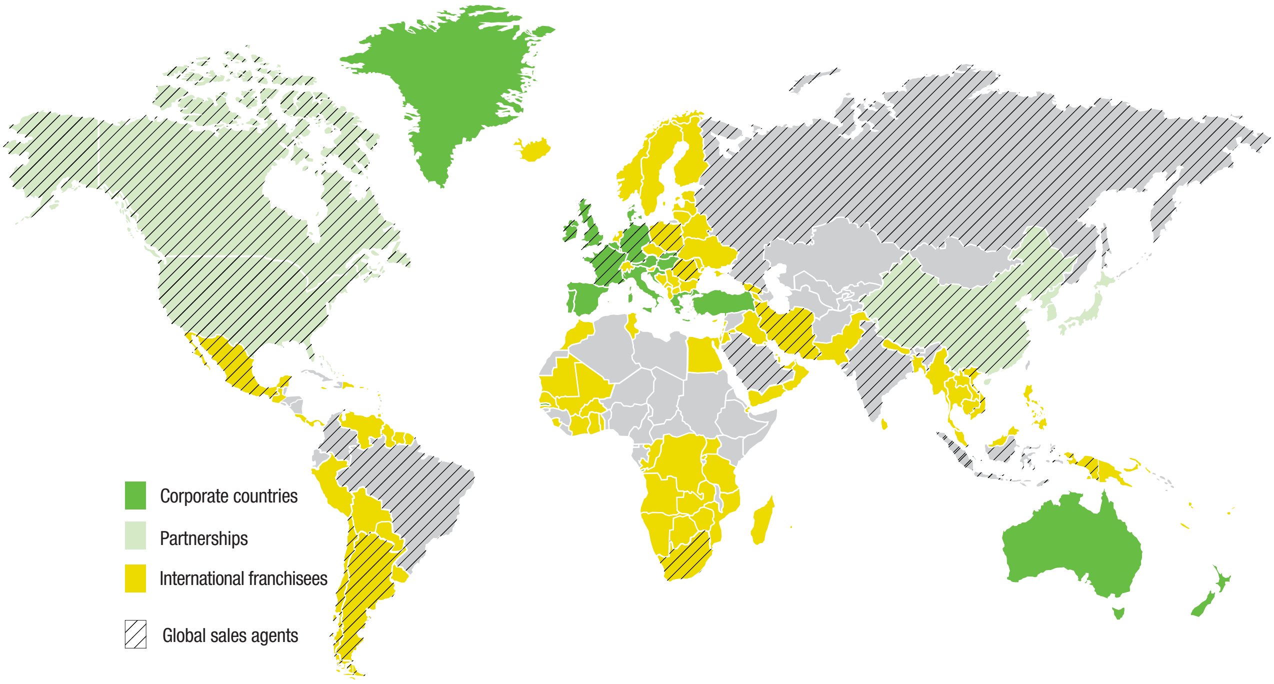
The Group operates directly mainly in Europe through its directly-operated and agent-operated stations. It is also present internationally through its franchises as well as via partnerships and general sales agency arrangements. The Group's directly- and agent-operated stations are located in the Corporate Countries, in which the Group has a long-standing local presence and expertise. Franchise stations extend the Europcar network both in Corporate Countries (particularly in France) and around the world to extend the Group's range of services to a wider customer base, and to increase the Group's sales and the reputation of its brands worldwide. This global network gives the Group extensive geographic coverage of both business and leisure customers, with individual Corporate Countries either weighted to one customer category or the other or balanced between them, depending on the geographic location.

The density of the Europcar network in the Corporate Countries enables to address customer demand for proximity and convenience (as well a Deliver and Collect service) in such countries. The international scope of the Europcar network provided by franchisees, partnerships and other commercial and sales agency agreements significantly enhances the Group's ability to capture business from customers traveling outside of their home countries and provides a basis for the Group's continued growth and expansion.

The organizational structure of the Group's operations in each country is tailored to local market dynamics, in particular the nature of the customer base, which may be more business or leisure based and more local or tourist based, and also reflects the historical development of the Group (including the corporate versus agent/franchise mix of the stations in each country). In addition to airport stations, the Europcar network includes agencies at major travel points such as railway terminals, city and suburban centers, hotels, resorts and office buildings. The Group is continuing to optimize its network in order to better serve the needs of its customers and to attract new ones. In particular, the Group is strengthening its network of downtown rental stations in order to capture growth related to the changing user habits for vehicles, which presuppose far less purchase and possession. Certain of the Corporate Countries in Europe (Germany and Belgium) are more geared towards business customers, while others (Spain, Italy, Portugal and Ireland) are more geared towards leisure customers and others (France, United Kingdom, Denmark) have a balance between business and leisure-customers. The Corporate Countries in the Rest of World operating segment (Australia and New Zealand) are more active in the leisure market.

The Group believes that maintaining a balance between business and leisure customers is an important part of preserving and enhancing the profitability of its business and the consistency of its operations. The locations of stations (airports or other locations) also reflect the specificities of each country's customer base.

The following map presents the Group's global network (defined broadly to include – in addition to directly-operated – agent-operated and franchise stations, strategic partnerships and general sales agency arrangements) throughout the world:



Thanks to this unique network of franchisees, strategic partnerships and sales agents, the Group was the fourth player in the world in the rental vehicle market in 2016 (Source : Euromonitor, on the basis of company revenue).

The following table sets out the number of rental stations (broken down by type) that generated revenue for the year ended December 31, 2017:

	2017			
	Stations			
	Group	Agents	Franchisees	Total
Europe				
Germany	371	224	-	595
United Kingdom	252	9	10	271
France	290	79	198	567
Italy	32	197	1	230
Spain	170	36	2	208
Belgium	15	13	-	28
Portugal	32	50	-	82
Ireland	14	4	-	18
Denmark	36	9	-	45
Austria	16	2	28	46
Luxembourg	3	-	-	3
Slovakia	3	-	5	8
Hungary	2	-	16	18
Franchisees outside of Corporate Countries	-	-	562	562
TOTAL EUROPE	**1,236**	**623**	**822**	**2,681**
of which stations in airports	*252*	*26*	*167*	*445*
Rest of the World				
Australia	85	8	60	153
New Zealand	19	5	-	24
Franchisees outside of Corporate Countries	-	-	822	822
TOTAL REST OF WORLD	**104**	**13**	**882**	**999**
of which stations in airports	*40*	*6*	*280*	*326*
TOTAL GROUP	**1,340**	**636**	**1,704**	**3,680**

Promoting cross-border activity and inbound traffic in Corporate Countries

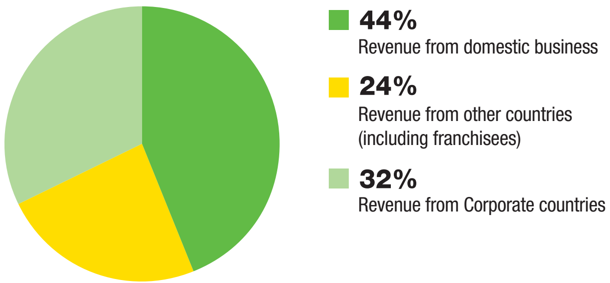
The density of the Group's network in the Corporate Countries enables the Group to address domestic customer demand for proximity, while the international coverage of its network considerably enhances its ability to capture business from customers traveling outside of their home countries.

The Group is maintaining and growing its domestic rental business (reserved vehicles, checked out and returned in a single country), and is actively developing its international rental business (in which vehicles are reserved through its direct and indirect Europcar distribution channels in one country and checked out in another country). Internationally sourced rentals represent an additional source of reservations and revenue for the Group's operations.

In order to develop the Group's international business, management has defined key regional markets outside the Corporate Countries in which it is actively promoting the development of cross-border inbound business to the Corporate Countries. In addition to the promotion of international business through cross-country conferences between franchisees, the development of international business is supported through joint marketing efforts with international partners and business customers, including, for example, campaigns with vehicle manufacturers in connection with the launch of new car models.

The chart hereafter shows the breakdown of revenue for the year ended December 31, 2017 between domestic business and inbound business from Corporate Countries and the Rest of the World (including franchised countries). For the purposes of this table, domestic rentals are defined as rentals that are reserved, with pick-up and return in the same country, while rentals from Corporate Countries and from the rest of the World (including franchised countries) are rentals in which vehicles are (i) reserved through the Group's direct and indirect distribution channels by customers resident in a given country and (ii) checked-out in another country.

2017 VEHICLE VEHICLE RENTAL INCOME BREAKDOWN IN THE LEISURE SEGMENT BY SOURCE



Source: Company.

1.6.6.1 Operating models

The Group's network is based on different operating models: directly-operated, agent-operated or franchise, as may be further extended through partnerships, commercial cooperation agreements and general sales agency arrangements. In general, directly-operated stations are located in larger airports and cities, while franchise and agent-operated stations are located in smaller airports and cities. This mix allows a greater coverage for the Group's customers throughout the Corporate Countries.

The Group's revenue is comprised of:

- vehicle rental income generated by its directly-operated rental stations or by the agent-operated rental stations of its Corporate Countries (€2,255 million in revenues in 2017, of which 93.3% was generated in Europe and 6.7% in the Rest of the World, the Group's two operating segments);
- additional services revenue generated by its directly-operated and agent-operated rental stations (€105 million of revenues in 2017);
- royalties and fees received from its franchisees (€51 million in 2017, of which 60% was generated in Europe and 40% in the Rest of the World).

1.6.6.2 Stations operated directly by the Group or by agents

(A) Stations operated directly by the Group

As of December 31, 2017, the Group directly operated 1,340 stations, all located in the Corporate Countries. Each of these stations is managed through one of the Corporate Countries, which owns (or leases) the rental fleet and station sites and employs the stations' staff. The Managing Director of each Corporate Country is responsible for managing the fleet in the relevant Corporate Country and for overseeing the local sales and marketing, the operations, Human Resources and legal functions.

The revenue generated by stations directly operated by the Group is included in the Group's consolidated revenue. It represented 83% of the revenue generated by rental activities in 2017 (stable compared with 2016).

(B) Agent-operated stations

As of December 31, 2017, agents operated 636 stations, all located in the Corporate Countries. Agent-operated stations use a Group rental fleet. The sites and employees of agent-operated stations are the responsibility of the agents. Relationships with agents are managed by the Managing Director of the Corporate Country in question.

The revenue generated by these stations is included in the consolidated revenue of the Group and agents are paid a commission (which is accounted for as an expense in the consolidated financial statements of the Group) based on the revenue of the relevant stations. This represented 17% of the revenue generated by rental activities in 2017 (stable compared with 2016).

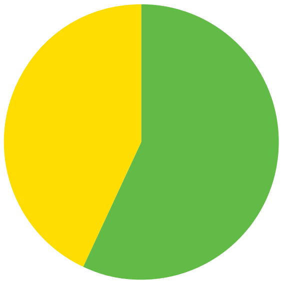
(C) Station locations

The overall Europcar network rents vehicles to its customers from stations located in airports, railway terminals, hotels, resorts, office buildings, and other urban and suburban locations. The locations revenues are dependent on local market dynamics as well as on the density of the Group's network in the country.

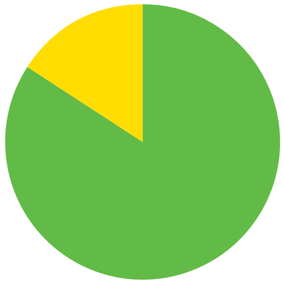
Airport locations are important for the Group, as they enable it to offer convenience to customers travelling by air (domestic and inbound) and to benefit from the growth in business in these areas. This is one of the Group's main sources of revenues. Airport stations generally generate higher revenue per unit than stations located in downtown areas.

The following charts provide a breakdown in percentage of the number of directly and agent-operated stations and of the Group's rental revenues in Corporate Countries (excluding fees received from franchises) between stations located at airports and other locations in 2017:

BREAKDOWN BY REVENUE



BREAKDOWN BY NUMBER OF STATIONS



Source: Company.

The following table presents a breakdown of the Group's vehicle rental income in Corporate Countries (excluding fees received from franchises) between stations located at airports and other locations in 2017:

BREAKDOWN OF THE GROUP'S RENTAL REVENUE IN CORPORATE COUNTRIES BETWEEN STATIONS LOCATED IN AIRPORTS AND OTHER LOCATIONS IN 2017

Corporate Countries	Airport	Off-Airport
Germany	23%	77%
United Kingdom	34%	66%
France	41%	59%
Italy	58%	42%
Spain	67%	33%
Belgium	26%	74%
Australia	71%	29%
New Zealand	83%	17%
Portugal	51%	49%
Ireland	80%	20%
Denmark	26%	74%
Austria	49%	51%
Slovakia	40%	60%
Hungary	86%	14%
TOTAL	**43%**	**57%**

Source: Company.

AIRPORT CONCESSIONS

Through its extensive network of airport stations, Europcar is able to serve high passenger volumes at airports. The number of rental stations in airports as a percentage of the Group's total number of stations remained stable at between 14% and 16% over the period from 2011 to 2017.

Airport business is highly related to the levels of air travel at the relevant airport, and customers often make vehicle rental reservations at the same time that they purchase their airline tickets. Partnerships with airlines also underpin this business (see Section 1.6.4 "*Customers (Business/ Leisure)*").

In order to operate airport stations, Europcar (or the relevant agent or franchisee) has entered into a concession or similar leasing, licensing or other such agreements or arrangements granting it the right to conduct a vehicle rental business at the relevant airports. Europcar's concessions are granted by the airport operators, following either negotiation or bidding for the right to operate a vehicle rental business in such airports.

Access to airports is relatively costly, and the airports' operators control the number of locations made available to vehicle rental companies. The terms of an airport concession agreement typically require payment to the airport's operator of concession fees based upon a specified percentage of revenue generated by Europcar at the airport, subject to a minimum annual fee. Under most concession arrangements, Europcar must also pay fixed rent for terminal counters or other leased properties and facilities such as parkings. Some concession arrangements are for a fixed length of time (generally three to five years), while others, more rarely, create operating rights and payment obligations that, as a formal matter, may be terminated at any time. Concession arrangements generally impose on Europcar specific covenants which include certain price restrictions and quality of service requirements. Under most concession agreements, if the revenue generated by the concessionaire increases or decreases, the airports' operators may modify the concession, in particular with respect to the number of parking lots granted to the concessionaire and the rate of concession fees.

The terms of concession arrangements typically permit Europcar to seek complete or partial reimbursement of concession fees from customers to the extent permitted under local regulations.

OTHER STATIONS

In addition to airport stations, the Europcar network includes agencies at other major travel points such as railway terminals, city and suburban centers, hotels, resorts and office buildings. This market is considerably more fragmented than the airport market, with numerous smaller vehicle rental businesses, dealers and body shop replacement vehicles, each having limited market share and geographical distribution, competing with larger organizations such as Europcar. When compared to airport stations, other stations typically deal with a greater range of customers, use smaller rental facilities with fewer employees and, on average, generate fewer transactions per period than airport locations. Rental stations located at or near railway terminals are operated pursuant to concession agreements similar to those described above for airport stations. Railway stations, particularly those serving high-speed trains, generally generate higher traffic volume than other non-airport stations. A dense network in the outskirts of big cities is also essential as it brings us closer to customers and their needs, in particular small- and medium-sized businesses. In certain corporate countries B2B customers in downtown largely use delivery and collection services.

1.6.6.3 The Group Franchise Department

During the year ended December 31, 2017, franchisees operated approximately 1,704 stations worldwide, including 822 stations in Europe and 882 stations in the Rest of the World. Fees from franchisees received by the Group stood at €51.3 million for the year ended December 31, 2017, of which 60% was generated in Europe and 40% in the Rest of the World. For further information on the franchisee network, see the map presented in Section 1.6.6 "*Europcar's network*".

Franchise arrangements have provided the Group with a cost-effective route to expand into small and medium-sized businesses in local, regional and international markets. The franchise network changes in accordance with any franchise buyouts, the performance of franchisees and the market in which they are situated, as well as the policy for extending the network.

The Group continues to expand its network (i) by adding new franchisees in the few countries in which it has a limited or does not have a presence and (ii) by developing its service offering under the Europcar® brand to allow Group franchisees to better address market needs. The current focus of the Group's international network expansion includes large markets in Latin America, the Indian sub-continent, Middle East and the Asia-Pacific region.

The Group is also developing its InterRent® franchise network, with franchises in place in 34 countries as of December 31, 2017, around the Mediterranean basin but also with the aim of strengthening the brand's presence in other European countries and in the Middle East. 2018 will see the first InterRent openings in Asia with targets including Mauritius and Malaysia. Africa (Tunisia, Rwanda & Uganda), the Middle East (Jordan, Bahrain, Egypt & Lebanon) in conjunction with the Group's aim to make InterRent® a global brand. The Group also intends to expand in Europe (Ukraine, Austria, Finland, Norway, Albania, Czech Republic, Slovakia and Hungary).

Management of the franchises

The Group manages its franchise network based on a regional approach, with four regional directors and with annual global and regional franchise conferences and also through business plans that help franchisees to manage their business and ensure they are performing in their own markets.

Compliance with the terms of the Group's franchise agreements and the uniformity of service quality across the network are controlled through informal visits to franchisee locations and through regularly scheduled audits by the Group's Internal Audit Department. Regional franchisee conferences are held on an annual or semi-annual basis to establish best practice guidelines and to promote inter-regional and intra-company business within the Europcar network.

The Group supports the promotion of the brand image by franchisees through:

- local marketing with advertising assistance and resources;
- corporate branding material and signage;
- structuring of services offered;
- partnerships with airlines and hotels;
- access to loyalty card programs to increase customer fidelity; and
- expansion of product range for services offered to drivers, the Vans & Trucks segment and the Ubeeqo technology platform.

Franchisees share the costs associated with these brand initiatives

The Group has implemented initiatives aimed at further integrating franchisees, including information *via* an intranet platform and monthly newsletters.

The Group also seeks to encourage cross-border sales between franchisees and directly-operated stations. It also aims to build on its franchise network to increase inbound and outbound flows as part of the development of general sales agency arrangements worldwide.

Characteristics of franchise operations

Franchisees operate using their own fleet and employees and have the exclusive right to use the Group's brand under license for specified services and for a pre-determined brand. Franchise agreements generally cover a specific portion of a country (*e.g.*, a region or a city) or the entire country, in which case each franchisee may operate directly or through sub-franchise or agency agreements between it and third parties.

Franchisees initially pay an entrance fee, and, upon renewal of their contracts, a territory fee, for the exclusive right to use the franchise rights in the area covered by the agreement for the agreed services and brands. The franchisees pay royalties representing a percentage of the revenue generated by the vehicle rental operations, a reservation fee based on the number of reservations made through the Group's reservation system and, if applicable, a fee to use the Group's IT systems. Franchisees are required to send monthly results to the Group, which form the basis of the calculation of royalties. In return for the payment of fees and royalties, franchisees benefit from the Group's expertise, access to its reservation system, worldwide network, international brand, customer base and information technology systems. Royalties and fees paid by Europcar network franchisees in the Corporate Countries and Franchise Countries totaled €51.3 million for the year ended December 31, 2017 (versus €51.3 million for the year ended December 31, 2016 – see Section 3.1.2.2 "*Analysis of Group results*", (a) "*Revenue*"). Except in a very limited number of cases, franchisees are exclusive to the Europcar network, meaning that they agree not to work with any other vehicle rental group or to operate a vehicle rental business under their own name for the duration of the franchise agreement. Most of the franchise agreements concluded by the Group provide that when a Europcar network customer makes a reservation relating to the territory of a franchisee, that customer becomes a customer of the said franchisee.

Franchisees hold (or rent from third parties) and finance their fleet independently from the Group. Franchisees may benefit from agreements with buy-back commitments signed at the Group level, but are free to conclude their own fleet supply agreements with automobile manufacturers. Franchise contracts provide that franchisees are required to respect the Group's fleet standards (mileage, maintenance, safety etc.). In order to ensure that franchisees respect the Group's standards, an exhaustive review of their fleet is realized based on operating data (mileage, holding period) and, through sampling, a physical verification of the fleet is carried out during visits of rental stations operated by franchisees.

In general, the Group's franchise contracts do not permit the franchisee to terminate the agreement prior to the expiration of the agreed term. In most cases, local franchisees are entitled to be indemnified by the Group (either pursuant to applicable law or under the terms of the franchise agreement) should the franchise agreement be terminated by the Group before the expiration of its term. The Group retains the right in most cases to terminate a franchise agreement in the event the franchisee fails to meet its contractual obligations, notably payment of royalties and fees, or takes actions that risk damaging the Group's brand and reputation. Franchisees may generally also terminate the agreements concluded with the Group in the event of a material breach of the agreement by the Group.

1.6.6.4 The Group Alliances Department

The Group has entered into commercial cooperation agreements with certain entities in order to benefit from commercial synergies in various countries. These agreements allow the Group's customers to be served in certain locations while also increasing in-bound flows. Revenue generated by strategic partnerships represented less than 1% of the revenue generated by the Group's rental activities in 2017, unchanged from 2016.

At the date of this Registration Document, the Group had entered into four commercial cooperation agreements allowing its customers to access its services in the United States, in particular through an agreement entered into with Franchise Services North America in June 2013 relating to the Advantage-Rent-A-Car® brand (which was subsequently transferred to The Catalyst Capital Group, Inc.), in Canada through an agreement entered into with Discount Car and Truck Rentals Ltd in October 2013, and in China *via* an agreement signed on January 12, 2017 with one of the leading car rental firms in China, Shouqi Car Rental. The partnership with Shouqi Car Rental was entered into in order to benefit from the growing flow of Chinese tourists worldwide – and in particular in Europe – and to give Europcar's customers access to one of the leading car rental networks in China.

Under the agreement regarding the Advantage-Rent-A-Car® brand, Europcar® brand customers are served by the Advantage-Rent-A-Car® brand in the United States, and Advantage-Rent-A-Car customers are served by Europcar in the Rest of the World.

The partnership between Europcar and the Chinese Shouqi Car Rental group ("Shouqi") came into effect on January 12, 2017. In return for a commission on the volume generated, it allows the Group to service its customers in China under its Europcar® brand *via* the Shouqi network. Reciprocally, it allows Shouqi to service its clients under its own brand, *via* the Europcar network, in regions where the Group operates. This alliance allows the Group to extend its proprietary network and improve its services for its customers in China.

Pursuant to the agreement with Discount Car and Truck Rentals Ltd, the partners seek to expand both the corporate and the leisure business segments in Canada.

The Group has had an exclusive long-term partnership with Times Car Rental (previously Mazda Car Rental) since 2006, through which it seeks to benefit from commercial synergies and offer cross-border services. Times Car Rental is a leading Japanese car rental company with a rental fleet of approximately 29,000 vehicles and over 438 rental stations throughout Japan in 2017 (of which 245 with Europcar Signage). (of which 245 are under the Europcar banner). With more than 680,000 car parking spaces, Times Car Rentals is also the leading provider of car parking spaces in Japan and supports this cross-border business with the Group in Japan, both in terms of vehicle rental and mobility solutions (with the growing trend of autonomous vehicle use).

1.6.6.5 The Regional Sales/General Sales Agents Department

A key part of the Group's sales strategy is the development of its network of general sales agents. The Group strives to enter into commercial and general sales agency arrangements in countries where it has limited or no presence, in order to ensure significant commercial presence in such countries and to benefit from the travel flows from the United States and emerging countries to Europe, Australia and the wider Europcar network. General sales agents (GSAs) sell the Group's services, in exchange for a commission. All costs related to running the GSA's business are the responsibility of the GSA, including among others, insurance, rent, general office expenses as well as any travel within the country or region needed to promote or sell the product.

At the end of 2017, a total of approximately 31 GSAs had been appointed worldwide, including in Asia, North/South America, Midde East Africa and Europe. To further grow cross-border sales the Group has started to appoint GSAs in business markets, starting with Belgium, Ireland and the UK. Existing agreements with the Group's GSAs, in particular in China and Brazil continue to allow the generation of strong performance. Newer GSAs such as in South Africa, Abu Dhabi, Canada and Hong Kong have grown exponentially over the last 12 months.

1.6.6.6 Focus on the main characteristics of Goldcar's network

Goldcar's network consists of a solid network of corporate offices and franchises. Up to February 2018, the company ran 97 offices worldwide, 12 of which were franchises.

Goldcar's presence at the main airports of the countries where the company operates has been crucial for the company's rapid growth in recent years. These strategic locations allow the company to offer the best services to its customers while expanding its presence at others main airports.

International expansion, thus, has always been a priority for Goldcar and franchises play an important role. The company ensures that associates uphold the same standards and values as the directly owned offices, and for this reason Goldcar asks its franchisees to comply with its Code of Ethics. This Code, which was shared with all the network, is meant to ensure the development of Goldcar's business plan as well as a high level of collaboration between all corporate offices and the franchisees.

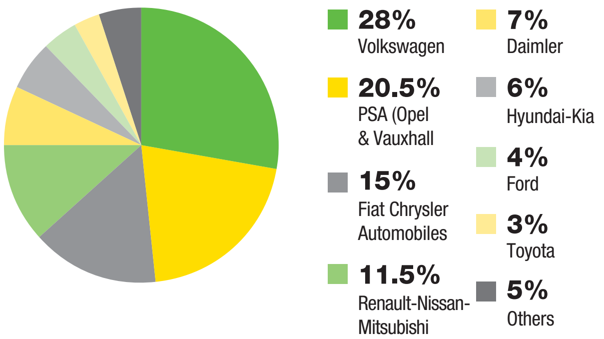
In 2016 the company opened a total of 17 new offices, eight of which in Italy, one in France and another in Spain. Following the same path, 2017 brought Goldcar's landing in Turkey while reinforcing its presence in the Mediterranean area. In 2018, the company expects to open new ventures in France, Portugal, Greece and Turkey.

1.6.7 The Group's fleet

Unless otherwise indicated, this Section relates solely to the fleet operated directly by Europcar under the Europcar®, InterRent® and Buchbinder® brands, and not to the fleet owned by Ubeeqo and E-Car, nor that operated by franchisees and independently owned (or leased from third parties) (for more information about the franchisee fleets, see Characteristics of franchise operations under Section 1.6.6.3 "*The Group franchise department*").

Europcar's fleet is sourced from various manufacturers, including Volkswagen (with the brands Volkswagen®, Audi®, Seat® and Skoda®), Fiat, Renault-Nissan, PSA (Peugeot®, Opel®, Vauxhall®, Citroën®, DS®), Daimler (Mercedes®, Smart®), Ford, BMW and Toyota. Volkswagen AG was Europcar's largest supplier of vehicles in 2017. The Group currently uses more than 300 different models provided by 16 car manufacturers.

The following chart illustrates the diversity of the Group's fleet in terms of deliveries by manufacturer (expressed as a percentage of total acquisitions by the Group) for the year ending December 31, 2017.



Source: Company.

The diversity of Europcar's fleet allows the Company to meet the rental demands of a broad range of customers. The fleet consists of 11 main vehicle categories, based on general industry standards – mini, economy, compact, intermediate, standard, full-size, premium, luxury, light commercial vehicles, mini-vans, trucks and convertibles. The fleet varies by brand, with the fleet offered for rent under the Europcar® brand covering the full range of vehicles (from the mini category to the Selection category, comprising "prestige" and "fun" vehicles), and the fleet offered for rent under the InterRent® brand corresponding to the most frequently requested types of vehicles in the medium or Low Cost segment. The InterRent® offer is thus limited to four categories: mini, economy, compact and intermediate. Some cars are used only for the InterRent® brand. These vehicles often have longer holding periods and higher mileage than under the Europcar® brand. For further information, see Section 1.3 "*Market and competitive environment*" of this Registration Document.

The Group believes that Europcar is one of the largest purchasers of European vehicles and the largest in the European vehicle rental industry. During the year ended December 31, 2017, the Group took delivery of approximately 344,000 vehicles (312,700 at constant perimeter, excluding the acquisitions of Buchbinder, Europcar Ireland and Europcar Denmark) and operated an average rental fleet * of 248,547 passenger and light commercial vehicles (231,000 at constant perimeter *i.e.* up by 8% versus 2016). The mix of passenger and light commercial vehicles in 2017 was 87.5% to 12.5% respectively. For the year ended December 31, 2017, Europcar's approximate average vehicle holding period was 9.4 months (8.2 months for vehicles covered by buy-back or lease agreements). Some of the sourcing agreements with manufacturers allow Europcar's franchisees to benefit from the terms and conditions of these agreements, including the buy-back provisions. For more information on the buy-back programs with carmakers, see Section 1.6.7.2 *"Fleet sourcing and planning*".

The following table provides a breakdown of the Group's average rental fleet * by Corporate Country between the categories "cars" and "light commercial vehicles" for 2017.

	For the year ended December 31, 2017	
Corporate Countries	**Cars**	**Light Commercial Vehicles**
Germany	87%	13%
United-Kingdom	86%	14%
France	81%	19%
Italy	94%	6%
Spain	96%	4%
Australia – New Zealand	95%	5%
Belgium	90%	10%
Portugal	93%	7%
Ireland	88%	12%
Denmark	79%	21%

Source: Company.

1.6.7.1 Fleet management

Europcar's central Fleet Department, supported by the local Fleet Departments in each of the Corporate Countries, manages the overall fleet planning process. In addition to negotiating the acquisition of fleet vehicles from manufacturers, the Fleet Department is involved in the process of planning and the geographical deployment of vehicles, vehicle in-fleeting and de-fleeting, and the monitoring of the fleet utilization rate *.

Europcar's fleet is managed with a view to optimizing costs. This management includes economic depreciation, acquisition and disposal costs, maintenance and repair costs, taxes and financing costs, according to a set of pre-defined needs and constraints, including marketing needs, the maximum movements of the fleet. This process relies extensively on data collected and processed by the GreenWay® IT system (see Section 1.6.9.1 "*The GreenWay® system*").

Europcar is able to respond to seasonal fluctuations in demand through continuous optimization of fleet management. Through its daily management, Europcar is able to adjust its fleet size by modifying acquisition plans and/or holding periods to meet both expected and unforeseen variations in demand. Through its flexible contracts with vehicle manufacturers, Europcar can increase its orders for vehicles in advance of the peak season, and use the flexibility of the holding periods, ranging generally from five to ten months to de-fleet the vehicles once demand is less pronounced. Europcar is also able to react rapidly to geographical changes in demand by re-directing the delivery of new vehicles to sites where demand is especially strong.

The Group's fleet utilization rate * has slightly decreased (76.4% in 2017 vs. 76.5% in 2016) in a context of significant increase of the average rental fleet * to 248,547 vehicles (a 16.3% increase with respect to 2016) and as a result of the integration of Buchbinder. On an organic basis, the Group's fleet utilization rate was actually up 40 basis points in 2017 versus 2016. Although the Group believes that its utilization rate is close to the optimum rate achievable in the industry, it continues to regularly study ways to improve it in each of the Corporate Countries and for its various brands. Current initiatives to this end include focusing on reducing the time between receipt of the new vehicle and first rental use of the vehicle, the time between each rental and the time between last rental and disposal of the vehicle, as well as on improving the processes for accident and repair management and optimization of the process for InterRent® brand vehicles.

The Group calculates its fleet utilization rate * as the percentage of the total actual rental days of the fleet out of the theoretical total potential Number of Rental Days of its fleet of vehicles. The theoretical total potential number is equal to the number of vehicles held over the period, multiplied by the total number of days over the period. Another methodology used in the industry is based on the Number of Rental Days per actual available days of fleet, which excludes the days when the fleet is held but not available for rental (vehicle preparation at in-fleeting, maintenance periods and vehicle preparation at de-fleeting). This would lead to a higher fleet utilization rate * than the aforementioned rate reported by the Group.

Europcar operates central logistics centers for in-fleeting and de-fleeting of vehicles, including car parks at various locations, typically airports, in the Corporate Countries. From these locations, vehicles are either transported by logistics companies or driven to the rental station where they are needed.

1.6.7.2 Fleet sourcing and planning

The fleet sourcing and planning processes are supervised locally by the Fleet Department of each Corporate Country. Purchase contracts are negotiated depending on the manufacturers, either at country or international level. The annual or multi-year agreements define the acquisition and disposal terms and the volumes of vehicles and model mix to be acquired over the contractual period. Over half of the volumes purchased by the Group are purchased through pan-European agreements. The Group also relies on its local teams to negotiate local agreements and maintain sufficient flexibility to benefit from spot deals.

The Group considers at-risk purchases when appropriate, based on its systematic analysis of at-risk purchases versus buy-back mechanisms. To that end, it takes into account the choice of models and their options as well as used vehicle market dynamics and its capacity to absorb resale volumes.

Purchase contracts for the coming year are generally concluded at the end of each calendar year, in order to anticipate market trends, and are readjusted throughout the year on a monthly basis to ensure maximum reactivity to market demand. The Group is therefore able to adapt its fleet capacity to rental market demand.

The Group records all of its vehicle fleet either on the balance sheet or, with respect to vehicles acquired through leases that meet the definition of an operating lease, off balance sheet. The following table summarizes the Group's fleet asset and financing structure [(1)]:

	Rental Fleet Assets	Fleet Financings	
		Liabilities	Type of facility
On-balance sheet	On-balance sheet fleet asset base	On-balance sheet fleet financing debt	€1.3bn Senior Asset Revolving Facility (FCSF)
			€350m Fleet Bond
			£400m UK Fleet Financing Facility
	Fleet working capital related to buyback agreements		€450m Goldcar Asset-Backed Bridge
			Others fleet financings (Portugal, Australia/New Zealand, Ireland, Danemark, Buchbinder)
			€500m Revolving Credit Facility (RCF)
Off-balance sheet	Fleet asset base financed under operating lease	Debt equivalent of fleet operating lease	Operating lease agreements signed with banks and OEMs

Source: Company.

The Group finances the acquisition of the vehicles in its fleet by various means, in particular through asset-backed financing (see Section 3.2 "*Liquidity and capital resources*" and Note 2 "*Significant accounting policies*", Section 2.10 "*Rental fleet*", paragraph (a) (i) "*Vehicles purchased with a manufacturer or dealer buy-back commitment*" in the consolidated financial statements included in Section 3.4 of the Registration Document). The Group benefits from a flexible asset-backed financing structure with loan to value ratio (*i.e.* the indebtedness of Securitifleet Holding, the Securitifleet Companies and EC Finance Plc divided by the total value of the net assets on the balance sheets of the Securitifleet companies) of 92.2% as of December 31, 2017 (compared to 88.3% as of December 31, 2016).

The diversity of financing available to acquire the fleet vehicles allows the Group to limit the impact of such acquisitions on the Group's cash flows. See Section 3.2 "*Liquidity and capital resources*".

(1) *Note that the presentation of operating leases in the off balance sheet will evolve with the application of IFRS 16 as of January 1, 2019, which requires the inclusion in the Balance Sheet of leases meeting this standard. See Note 2.2 of the consolidated financial statements presented in Section 3.4 of this Registration Document for more information.*

1.6.7.3 Vehicle buy-back commitments

Europcar acquires, subject to availability, a majority of its vehicles pursuant to various fleet purchase programs established with the manufacturers. Under these contractual programs, Europcar purchases vehicles from the vehicle manufacturers or dealers. Manufacturers or dealers undertake, subject to certain terms and conditions, to grant Europcar the right to sell those vehicles back to them at a pre-determined price during a specified time window (after which the repurchase transaction is automatically triggered if it has not already occurred). Vehicles purchased by vehicle rental companies under a buy-back commitment are referred to as buy-back vehicles. The minimum buy-back period under these buy-back commitments generally varies from 5 to 10 months for passenger cars and from 6 to 24 months for light commercial vehicles.

Repurchase prices for buy-back vehicles are contractually based on either (i) a predetermined percentage of original vehicle price and the month in which the vehicle is repurchased or (ii) the original capitalized price less a set economic depreciation amount, in either case subject to adjustments depending upon the condition of the car, mileage and holding period requirements.

The proportion of the fleet covered by buy-back commitments can differ by Corporate Country. In addition, the proportion of the total fleet covered by buy-back commitments at any given time may be less than the proportion of vehicles purchased with buy-back commitments during the year given that "at risk vehicles" generally have a longer holding period (12 to 24 months). Repurchase programs limit Europcar's potential residual risk with respect to vehicles purchased under the programs, allow Europcar to arrange financing on the basis of the agreed repurchase price and provide Europcar's fleet managers with flexibility to respond to changes in demand. In addition, the high percentage of buy-back vehicles in Europcar's fleet allows the Group to be less dependent on the used car market. These programs operate to the benefit of the car manufacturers as well, since the return of the vehicles to them within a short time period enables them to resell the vehicles quicker through their dealership networks as newer models.

At constant perimeter, approximately 92% of Europcar's fleet (in units infleeted in 2017) was covered by buy-back commitments (same percentage as in 2016). With Buchbinder, Europcar Ireland and Europcar Denmark fleets included, this percentage drops to 88%.

The visibility and flexibility conferred by the Group's buy-back strategy are important. The Group has long been committed to maintaining a high rate of fleet purchases in units acquired under buy-back commitments. On average, the Group estimates that over 90% of the vehicles purchased over the past 10 years were covered by buy-back commitments.

1.6.7.4 "At risk" vehicles

Europcar acquires a number of vehicles from carmakers or dealers without the benefit of any buy-back commitment. These vehicles fall under the category of "at risk" vehicles. See Section 2.2.4 "*Risks related to the Group's holding of vehicles not covered by buy-back agreements*".

The Group considers "at-risk" purchases when appropriate, based on a systematic analysis of at-risk purchases versus buy-back mechanisms. It takes into account the mix of models that it needs as well as its ability to resell "risky" vehicles, particularly in relation to the changes in the second-hand market. Europcar disposes of "at risk" vehicles through a variety of channels, including sales to individuals, wholesalers, brokered retail sales and auctions. To meet market demand, Europcar has set up an electronic platform for online sales: 2ndmove.eu.

At December 31, 2017, 38% of fleet vehicles without buy back commitments were diesel. This rises to 40% if the new acquisitions by Europcar Ireland, Europcar Denmark, Buchbinder and Goldcar are included. Light commercial vehicles are all diesel. At December 31, 2017, around half of vehicles not covered by buy back agreements were diesel.

We have not identified the risk of this fleet regarding the current market and external estimates of residual value obtainable on these markets.

In 2018, to reflect customer trends, the strategy is to limit as far as possible purchases of risky diesel vehicles.

1.6.7.5 Maintenance

Europcar arranges for each vehicle to be inspected and cleaned at the end of every rental and to be maintained according to the manufacturer's recommendations. Europcar must follow the maintenance specifications of the respective manufacturers in order to maintain the warranty and repurchase commitment on the vehicle. Europcar operates vehicle maintenance centers at certain rental stations in the Corporate Countries. These centers provide maintenance and light repair facilities and monitoring and processing of more seriously damaged vehicles for which repairs are handled by specialized bodywork companies. The objective is, on the basis of detailed appraisals, to optimize repair costs and lead times in order to limit the impact on the use of the vehicle. For the most badly damaged vehicles, the choice is made between repairing the vehicle or selling it in its current condition.

1.6.7.6 Focus on the main characteristics of Goldcar's fleet

Goldcar offers a car rental service comprising one of the newest fleets in the market. More than 80% of all vehicles are renewed within 12 months together with the commitment to offer customers a service which guarantees safety, comfort, innovation and efficiency.

The company's fleet consists of the latest models in different categories of vehicles – economy, compact, family, mini, vans, automatic and large – to fully satisfy customer needs and preferences. In addition to this, customers can also choose from a wide range of manufacturers including Volkswagen (Volkswagen, Audi, Seat), FCA (Fiat Chrysler Automobiles), PSA (Peugeot, Opel, Citroën), Renault-Nissan, General Motors, Ford, Kia, Daimler and Toyota. In line with Goldcar's Corporate Social Responsibility program, a group of the aforementioned brands supplied the company with an increasing number of electric, hybrid and LPG (liquefied petroleum gas) vehicles to lower the environmental impact.

In 2017, Goldcar took delivery of around 45,000 vehicles and ran an average rental fleet of 39,000 vehicles. Around 83% of the Goldcar fleet was covered by buy back clauses in 2017.

1.6.8 Suppliers

This Section presents the items relating to the Group's suppliers and the purchase volumes (called "non-fleet purchase costs"), but excludes items relating to the acquisition, registration and insurance of the fleet which are presented in Sections 1.6.7 "*The Group's fleet*" and 2.6.3 "*Insurance*" of this Registration Document.

The Group's cost of purchases excluding fleet and taxes [(1)] is, on average, approximately one quarter of the total consolidated annual revenues of the Group. These costs are broken down as follows:

- 40% related to indirect purchases or overheads (IT and telecommunications, call centers, real estate and maintenance of the station network and its installations at an operating capacity, sales and marketing, communications and advertisement, office supplies, uniforms, consulting and services);
- 60% related to direct purchases related to customer service and the maintenance of the Group's fleet in operating condition, as well as making the fleet available (maintenance and repair, intense repair services following accidents, preparation and cleaning services, transportation services for the geographic redistribution of the fleet according to the needs of the Group's customers).

The operating needs of the Group so far have been processed on a country-by-country basis with an annual average volume of expenses generally proportional to the country's share in the Group's annual consolidated revenue. As a result, the Group currently has relationships with a multitude of suppliers (currently around 20,000 active suppliers each year) for a very broad range of categories of products and types of services. In particular, the share of value added services relating to labor intensive activities is close to 50%.

In 2016, working in consultation with all countries that have a head of purchases in post, the Group identified three strategic priorities for purchasing in coming years:

1. Operational excellence, with the P2P (Purchase-to-Pay) solution launched in 2014 playing a key role.

   This solution aims to provide full transparency on the nature and volume of both operating purchases and those directly linked to customer services, to facilitate the engagement process while ensuring control, to identify opportunities for Group-wide purchasing economies of scale and to enhance the flexibility of Supplier Accounting within the Shared Services Center;

2. Corporate Social Responsibility (CSR)

   In application of the Sapin 2 Law, a CSR strategy based on the analysis and control of supplier risks has been defined and implemented since 2017. The aim is to bring all Group partners into compliance with the Company's Ethics Code. The procedure will also help in rationalizing the Group's panel of suppliers;

3. Sourcing strategy

   The Group moves from a country-by-country or service-by-service purchasing system to a system in which categories of purchases are managed together allowing the Group to benefit from economies of scale and common tender submissions for multiple countries.

(1) Expenses for goods and services incurred by the Group's directly-operated rental stations only, excluding stations operated by agents or franchisees.

1.6.9 IT system

IT systems and telecommunications are vital parts of the Group's management of its network of points of sale and customer reservations *via* multiple distribution channels. Part of the IT solutions are designed, developed, implemented, operated and maintained by the Group's IT Department, which is ISO 9001 Quality certified.

Europcar continuously invests in improving its IT system in order to further enhance its ability to offer innovative and cost-effective services. All IT projects are centrally and regularly evaluated against business needs. Technical projects, which are aimed at establishing and ensuring the continuity of services, are given special attention. Application projects, which are aimed at maintaining and enhancing system operating capabilities, are assessed against the expected added value to the Group, including growth of revenues, reduction of costs and mitigation of risks (legal, regulatory, obsolescence or performance related).

To support its efforts to develop and implement innovative mobility solutions, the Group has implemented a plan to revamp its IT system's architecture by 2020, making it more open and flexible and thereby facilitating the integration of third-party applications. A certain number of modules and innovations have been implemented in order to:

- capitalize on the Group's operational excellence (new mobile applications for customers and employees, or applications currently being improved or developed on other media);
- promote a culture of decisions based on data (*Big Data*), adjust products and prices in real time (*Dynamic Pricing*);
- accelerate digital development and strengthen the customer relationship management strategy (*Cloud CRM*).

1.6.9.1 The GreenWay® system

The Europcar® brand information system is built around the centralized GreenWay® application, which offers a single shared solution that can handle all the functional needs of the vehicle rental business: customer management (individuals and companies), pricing management, fleet management, management of reservations and distribution systems, management of branch rental operations and billing services. The proprietary system was designed specifically for Europcar's vehicle rental business and was first implemented in 1994.

GreenWay®, which has been in operation since 2014 on a highly scalable architecture (Java/Linux), allows for over 10,000 concurrent user connections. Today, the system manages more than 12 million reservations and 10 million rentals on a yearly basis. More than 10,000 people are GreenWay® users and most of them are located in the 1,750 stations of the Europcar network. Around 200,000 vehicles are continuously monitored by the system in order to optimize fleet utilization. The full functionality of the Greenway system® is available 24/7 at the head offices and rental stations of 10 of our Corporate Countries as well as in franchises in Switzerland, Austria and Norway. The majority of the Europcar network's franchise sites are linked to GreenWay® for reservations.

1.6.9.2 Other IT applications and systems

Other major applications and systems used by the Group are "Oracle Financials" for financial management and accounting, "Datawarehouse" for in-depth analyses of Company data and "Ataraxia" for the management of accidents, damages and maintenance of vehicles.

The Group also uses collaborative cloud computing solutions such as "Google G Suite" for office needs and the "Salesforce" software to optimize business relationships for the sales teams. Cloud solutions are also being implemented, as part of the digital transformation of the business (such as connected cars, keyless access to cars, mobile applications and social media leveraging).

The Group's main suppliers of IT include Cap Gemini (maintenance of the GreenWay® software), Sopra Steria (production outsourcing services), Unisys (installation and maintenance of workstations), Dell & Lenovo (servers and workstations), IBM (servers), Hitachi and NetApp (storage), CISCO (network equipment), Colt (Telecom networks for data transfer), InterXion and Telehouse (hosting production centers). SalesForce is also one of our principal providers of SaaS-mode solutions.

InterRent® operates as Business Support Software an IT platform, Rentway, distinct from that of GreenWay®. This application is externalized and based on a system operated on a SaaS (Software as a Service) basis.

Buchbinder built its information system around two key applications: BubiRent and CLFleet. BubiRent handles customer management, the offering, reservations, operations and billing. CLFleet is in charge of fleet and vehicle management and operations related to maintenance and damage. These two applications, developed specifically by Buchbinder and its main local supplier GFH, run on redundant infrastructure used by all branches of the Buchbinder network and their franchises or subsidiaries.

Goldcar has built its information system around two main applications: SIGGER and SARG. SIGGER handles customer management, the offering, fleet, operations and billing. SARG handles multi-channel reservation management. These two applications, developed specifically by Goldcar's internal teams, run on redundant infrastructure used by all branches in the Goldcar network and by their franchises or subsidiaries.

1.6.9.3 Continuity of IT system services

Significant safety measures are in place to ensure the security of Europcar's systems, applications and data (and that of its customers).

Careful attention is paid to security systems and the protection of proprietary data against destruction, theft, fraud or abuse. 24-hour operational systems provide protection against, among other threats, computer viruses, spam, phishing and denial of service attacks as well as against robot price grabbing through the use of captchas.

Most Europcar® brand systems, including GreenWay®, the websites, Oracle Financials and the Datawarehouse, are implemented on a proprietary infrastructure, centralized in two production centers running simultaneously 24/7. Each center runs infrastructure capable of delivering the entirety of the software services used in production on its own and provides full real-time physical duplication of production data. These production centers are located near Paris, France, and comply with the following minimum safety rules: a distance of 30 and 60 kilometers between the two centers, independent and multiple electric power supplies, redundant cooling systems, and double electric power supplies for all computer equipment. The objective is to maintain at least 99.98% up-time for each of the centers.

The Group periodically verifies its disaster recovery plan by carrying out annual unit tests for Group applications, and by carrying out a large scale test of one of the two production centers every 18 months – 2 years. Each of the simulation tests is covered by a report entailing, if need be, the implementation of an improvement plan.

BuchBinder's critical BubiRent application runs on its own infrastructure operated locally and with built-in redundancy in two Buchbinder buildings located some distance away from each other. Data are backed up in real time between the systems and the two rooms. Server rooms have redundant electricity supplies and network paths from different suppliers.

The Goldcar systems run on their own infrastructure in two production centers running independently 24/7. Either center can deliver all production application services and data are backed up in real time. These centers are located in Spain and are more than 100 km apart. The business continuity plan is tested annually using full-scale checks and improvement plans drawn up in response where necessary.

1.6.10 Regulation

The Group's business is subject to numerous regulatory regimes throughout the world, in particular with respect to the environment, personal data, consumer protection and franchise operation. Compliance with these rules, which may differ considerably from one country to the next, is generally managed at the local level by each of the Group's Corporate Countries, subject to supervision and review by the Group's Legal Department.

1.6.10.1 Consumer Protection Regulations

The Group offers services to individual consumers and is therefore subject to Consumer Protection Regulations.

Consumer Protection Regulations in the EEA

The European Commission has invited the competent authorities in Member States to implement measures necessary to ensure compliance with EU and national consumer protection legislation.

NON-DISCRIMINATION ON PRICES

Directive 2006/123/EC of the European Parliament and of the Council of December 12, 2006 on services in the internal market prohibits unjustified discrimination in the provision of a service on the basis of a consumer's nationality or place of residence in all of the European Union Member States.

The European Commission is particularly vigilant with respect to compliance with the principle of non-discrimination in the single market. Indeed, a regulation on addressing geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market is currently under discussion to reinforce these principles. In order to comply with these principles, the Group is committed to offer the same prices in each local market, irrespective of which European country the customer or the reservation comes from. The same rule is recommended to all franchisees.

UNFAIR COMMERCIAL PRACTICES

Directive 2005/29/EEC of the European Parliament and of the Council of May 11, 2005 on unfair commercial practices by companies towards consumers in the internal market sets the principle of a general prohibition against unfair commercial practices towards consumers, in particular misleading practices.

In order to ensure free and informed consent by the consumer, the Group is committed to providing consumers with easily accessible and totally transparent offer documentation. With the intent of offering its consumers even more transparency, the Group revised periodically its general rental conditions in order to simplify and modernize them, and to harmonize them between the various countries in which it operates.

UNFAIR CONTRACT TERMS

Directive 93/13/EC of the Council of April 5, 1993 on unfair terms in contracts concluded with consumers (modified by Directive 2011/83/EU of October 25, 2011 on consumer rights) aims to protect European consumers against unfair terms in the contracts they conclude with professionals. The regulations concerning unfair contract terms apply to the vehicle rental agreements proposed by the Group's companies to its individual consumer customers.

National consumer rights authorities and/or associations ensure that the general terms and conditions drawn up by professionals are free from any unfair terms. This can lead to dialogue with these authorities and/or associations. Accordingly, legal procedures may sometimes be initiated with their support or upon their own initiative.

The provisions of the Group's general rental conditions are regularly reviewed in order to ensure their compliance with the regulations on unfair contract terms.

Consumer Protection Regulations in Australia and New Zealand

Europcar Australia is required to comply with the Competition and Consumer Act of 2010 (the "CCA"), which applies to most of its activities in the Australian market, in particular its commercial dealings with its partners and customers. The primary purpose of the CCA is to ensure consumer protection and to improve competition between economic players. In this regard, it lays down some general rules on anti-competitive agreements between competitors, anti-competitive restrictions in the vertical procurement chain, unilateral anti-competitive conduct, objectionable conduct, untruthful or misleading conduct, protection of consumers as regards unfair contract terms and other unfair commercial practices, and consumer guarantees. Europcar New Zealand is subject to similar rules in New Zealand.

1.6.10.2 Protection of personal data

In the course of its business, the Group gathers and processes information that is subject to laws and regulations on the protection of personal data, both in Europe and in other regions where the Group does business. Personal data concerning the Group's customers is principally processed using Europcar's information system, "GreenWay®" and in the Group's databases used to fulfill its commercial obligations (such as carrying out a rental agreement), for statistical purposes, for marketing, for reporting and for customer relations management (such as monitoring customers' accrued entitlements under a loyalty program).

The Group's companies and international franchises undertake to collect and process customer data in compliance with applicable European regulations on personal data protection. They also ensure the preservation of the Group's image and reputation.

Processing performed within the European Economic Area

Directive 95/46/EC of the European Parliament and of the Council dated October 24, 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the "personal data directive"), supplemented by Directive 97-66 of the European Parliament and of the Council dated December 15, 1997 concerning the processing of personal data and the protection of privacy in the telecommunications sector, provides the current framework for data protection in all of the countries of the European Economic Area (the "EEA").

The personal data directive applies to both automated and non-automated processing of personal data where such data is intended to be contained in a file. These operations include the collection, retention and dissemination of personal data. It requires controllers of personal data established in a Member State of the EEA or using means of processing located on the territory of a Member State to take certain measures upstream of the data collection, during its preservation and until its deletion. The directive applies to data processed automatically (such as a database of customers) and data held in or intended to be held in non-automated files, which can be searched by specific criteria (such as traditional paper filing systems or an alphabetical card index of customer data).

Note that regulation 2016/679 of the European Parliament and Council, of April 27, 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, was adopted in 2016 (the "personal data regulation"). It will come into force as from May 25, 2018 and replaces the personal data directive.

The new rules notably include provisions on (i) the right to be forgotten; (ii) clear and affirmative consent by the data subject for the use of his/her personal data; (iii) the right to request the transfer of certain data to another service provider; (iv) the right for the data subject to be informed in the event a breach of the security of his/her personal data (*e.g.*, if data is stolen) creates a high risk to his/her rights and freedoms; (v) the guarantee that policies on privacy protection should be explained in clear and comprehensible language; and (vi) stricter application and administrative fines of up to 4% of a company's total worldwide annual revenue or €20 million, with the aim of discouraging breaches of the rules.

Any Group entity breaching these obligations can be subject, depending on the country in which it occurs, to administrative, civil or criminal sanctions.

Although the personal data regulation's purpose is to harmonize personal data laws, because the majority of the countries are located in the European Union, national laws of the Member States may in certain areas provide additional regimes that can vary and may be more restrictive than those of the personal data regulation.

Processing performed outside the European Economic Area

The Group is present in numerous countries outside of the EEA, where it may process personal data both on its own behalf and on behalf of its business customers and commercial partners.

Although there is no international law harmonizing all of the principles applicable to the protection of personal data worldwide, the regulatory framework applicable within the EEA serves as a reference, firstly, because it is stringent and was a pioneer in this area of regulation, and, secondly, because it has influenced legislation in numerous countries that have used it as a model, in particular in North Africa, Latin America and Asia.

Transfer of personal data outside the European Economic Area

The Group transfers personal data to its franchisees and/or partners outside the EEA in strict accordance with rental agreements between the franchisees and/or partners and their customers. Most franchise agreements to which the Group's companies are parties contain a personal data protection provision pursuant to which the franchisees undertake to comply with the same obligations as those incumbent upon Group companies.

For certain agreements that require data to be transferred outside the EEA, Group policy proposes the use of standard contractual clauses drafted by the European Commission so that personal data can be transferred.

1.6.10.3 Environmental regulation

As of December 31, 2017, the Group used approximately 479 fuel storage installations (214 tanks and 265 fuel pumps) in its Corporate Countries.

Each Corporate Country is responsible for ensuring that its storage facilities comply with local regulations in that country in order to ensure that they (i) are properly reported to the competent authorities of the countries in which they are located; and (ii) have been replaced or upgraded to comply with applicable requirements on the detection of leaks and protection against spills, overflows and corrosion. The Group has the necessary authorizations and registrations for its activities. In France, for example, stations with tanks do not require prior authorization but must be reported to the competent authorities. Depending on the volumes pumped and the nature and amount of product storage used, some are considered "classified installations" for the protection of the environment.

Similarly, each Corporate Country is responsible for any remediation obligations that it may incur under local regulations.

Environmental regulation within the EEA

The use of tanks to store petroleum products, including gasoline, diesel and used oil; the use, storage and handling of various dangerous substances (including fuels and lubricants); and the production, storage, transport and disposal of waste (including used oils, mud from washing vehicles and used water) are regulated at the EU level by the SEVESO-III-Directive (2012/18/EU), and Directive 2008/98/EC of the European Parliament and of the Council dated November 19, 2008 on waste as transposed into the laws of EU Member States. The Seveso III Directive covers establishments where dangerous substances may be present (*e.g.* during processing or storage) in quantities exceeding certain thresholds. Depending on the amount of dangerous substances present, establishments are categorized in lower and upper tier, the latter are subject to more stringent requirements.

Under EU legislation, any industrial or agricultural operation liable to create risks or result in pollution or nuisance, in particular for the health and safety of local residents, is a classified installation. Activities that are governed by the legislation on classified installations are listed following a nomenclature that classifies them as requiring either authorization, registration or reporting, depending on the significance of the risks or problems that may be caused. Member States have the authority (i) to authorize or refuse to authorize the operation of an installation; (ii) to regulate (in other words, to require compliance with certain technical provisions); (iii) to monitor; and (iv) to impose penalties.

With the Seveso III directive, the list of dangerous substances has been aligned at the EU Level under a common classification.

Directive 2008/98/EC dated November 19, 2008 on waste defines the hierarchy for waste prevention and management as follows: prevention, reuse, recycling, other recovery (in particular energy recovery) and disposal. This provision was transposed into French law by Article L. 541-1 of the French Environmental Code. It also specifies the obligations of waste producers and waste holders with regard to the waste hierarchy, requires waste producers and waste holders to classify their waste and to package and label their hazardous waste, and prohibits mixing of hazardous waste with other waste or materials outside of a classified installation for the protection of the environment. In managing its waste, the Group takes all necessary measures to ensure that its activities comply with applicable regulations.

Europcar has obtained the ISO 14001 certification (the environmental management standard of the International Organization for Standardization) for its environmental management systems in Germany, the United Kingdom, Italy, Spain, Portugal, Belgium and France. The certification also covers rental stations operated directly by the Group.

The Corporate Countries monitor and, if necessary, perform remediation relating to the disposal of waste and/or substances originating from installations that they currently rent or hold or that they have in the past rented or held. The cost of such remediation as well as costs relating to environmental harm caused by the activities of a Corporate Country could be significant. The Group's estimated probable losses in that regard are the subject of provisions in its consolidated financial statements. As of December 31, 2016, the total amount provisioned to cover the Group's environmental liabilities was €50,000, representing the estimated cost to study any on-site environmental problems that may require monitoring and/or remediation, as well as the estimated costs of carrying out that remediation. Cost estimates are prepared site by site on the basis of precedents, and are refined as the environmental study at the site in question progresses.

In France, the Group maintains an updated table listing the oil installations and classified installations that it operates in order to ensure that they are monitored. In that regard, periodic regulatory inspections of classified installations are performed every five years by an approved organization (Dekra until 2015 and Bureau Veritas thereafter). In the event of non-compliance, the Group carries out remediation.

In connection with its activities, the Group is also subject to European energy efficiency regulations (Directive 2012/27/EU of the European Parliament and of the Council on energy efficiency dated October 25, 2012). The directive establishes a common framework for the promotion of energy efficiency in the European Union. Pursuant to Article 8 of the directive, transposed by Article L. 233-1 of the French Energy Code, all large businesses such as the Group must perform energy audits covering the entire business every four years (and for the first time by December 5, 2015 at the latest). Article 13 of the directive, transposed in Article L. 233-4 of the French Energy Code, provides for penalties in the event that these audits are not performed in a timely manner. For the Group, these penalties could consist of fines of up to 2% of the Group's revenues (excluding taxes) in France for the most recently closed fiscal year. These audits must be performed by external consultants or by qualified internal auditors.

Environmental regulation in Australia and New Zealand

In Australia, the operation of oil tanks, in particular underground tanks, is regulated at both the state and the federal level. The regulations consist of a combination of specific rules and general principles contained in environmental laws. Environmental regulation is relatively uniform and is tied to the Australian Standard AS 1940-1993.

The operation of underground oil tanks is a particular focus of regulation due to the risk of contaminating groundwater and generating leaks that may be difficult to detect. Generally, the regulatory framework is intended (i) to implement preventive measures to reduce the risk presented to human health and to the environment resulting from the operation of underground tanks; (ii) to conserve resources and detect leaks quickly in order to avoid the need for extensive remediation work; (iii) to remediate sites when the regulated activity has ceased; and (vi) to ensure that businesses governed by the regulations use best practices. In order to meet these objectives, obligations are imposed such as the installation of leak-detection systems, the performance of groundwater testing and the preparation of a written, auditable plan for the protection of the environment by each regulated installation. The reporting and information system for leaks must also be the subject of a written plan. The removal of underground oil tanks must be reported to local authorities and is governed by the Australian Standard AS 4976-2008.

Europcar New Zealand is subject to environmental rules in New Zealand that are similar to those applicable in Australia.

Storage tank compliance program

Each of the operational subsidiaries in the Corporate Countries has implemented a storage-tank compliance program intended to ensure that tanks are properly registered with the competent authorities of the countries in which such tanks are located and are either replaced or brought into compliance with applicable requirements for the detection of leaks, spills and overflows and protection against corrosion. However, there can be no assurances that these tank systems will remain at all times free of undetected leaks or that the use of these tanks will not result in significant spills. The Corporate Countries regularly work with third party organizations to verify or certify, where necessary, the compliance of their classified installations.

Employee training in environmental risk management is implemented and managed at the level of the Corporate Countries.

1.6.10.4 Regulation of franchises

The Group has an extensive network of franchisees and as such is subject to European franchise regulations and applicable national regulations as designated in the franchise agreements.

At European level, this means Commission regulation (EU) 330/2010 dated April 20, 2010, on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices in light of guidance on vertical restraints.

Franchising is also governed by the laws of the various countries where the Group operates through franchisees. In order to ensure harmonized management of its franchise network, the large majority of franchise agreements that the Group enters into internationally are governed by French law. Article L. 330-3 of the French Commercial Code includes an obligation to inform prior to the signature of any franchising agreement. The Group's franchise agreements that are governed by French law comply with this obligation.

1.6.10.5 Business ethics program

In 2016, the Group adopted a new Ethics Program supported by a Code of Ethics and Commitments. Both documents aim to make stakeholders aware of the key ethical principles applied by Europcar without seeking to draw up an exhaustive or exclusive list. These principles apply in full to all Group activities. The Company's ethical commitments address the following key areas: (i) the environment, (ii) anti-corruption, (iii) competition, (iv) data protection, (v) Human Resources, (vi) customers. The Group's Code of Ethics and Commitments is based on various international undertakings to which the Company has signed up, including, (i) the UN universal declaration of human rights, (ii) the European convention on human rights, (iii) the various ILO conventions, including in particular Conventions 29, 105, 138 and 182 (on child labor and forced labor), 155 (health and safety at work), 111 (discrimination), 100 (equal compensation), 87 and 98 (freedom of association, right of association and collective bargaining), (iv) OECD guidelines for multinationals, (v) the UN convention on the rights of the child and (vi) the UN Global Compact. All Group employees must apply these principles.

The Sapin 2 Law came into force on December 11, 2016, setting new obligations to identify and prevent corruption. Provisions include: (i) implementation of an anti-corruption code of conduct, a corruption risk map, procedures for evaluating customers, suppliers, intermediaries and strict accounting control procedures; (ii) implementation of a corruption whistleblowing system; (iii) the creation of a new anti-corruption agency with powers to sanction anyone falling short of their Sapin 2 obligations, (iv) arrangements allowing deferred prosecution agreements in corruption investigations, which should radically change the way investigating authorities and industry players approach this matter.

The Group continues to update its Ethics and Compliance Program in light, notably, of the new Sapin 2 requirements.

1.7 EUROPCAR INNOVATION LAB

Extending its offerings of mobility solutions is part of a Group policy to respond to changes in the market and consumer expectations. The Group focuses in particular on the development of intermodal mobility solutions via digital access, the development of solutions guaranteeing access to a nearby vehicle, and the development of solutions that create value from unused vehicles and vacant parking spaces.

The Group created Europcar Lab to study mobility market usages and search for new mobility solutions opportunities with mobility actors worldwide, whether such opportunities be with customers, partners, or technology and mobility expert consultants. Europcar Lab is intended to be an ideas incubator for new products and services that provide mobility solutions for the Group. It aims to support internal projects, as well as secure minority and majority stakes in innovative structures.

Europcar Lab is a Group entity which has separate premises from the Group. It is managed by Fabrizio Ruggiero, a member of the Company's Management Board and Deputy CEO responsible for sales, marketing, customers & Low Cost and is structured around a dedicated team of six individuals including a director.

1.7.1 Ambition and philosophy of the lab

The world of mobility is in rapid development and will change profoundly in the coming years. it is becoming shared, connected, fluid, autonomous, accessible and personalized. Europcar Lab's goal is to enable the Group to position itself as a formidable player in this transformation, and become a daily mobility partner for individuals.

Europcar Lab operates outside the usual structure of the Company, enabling a quicker and more efficient ideation process, without the constraints of existing processes. The Lab works on new business models, services, collaborations and investments in the area of new mobility. To do this, Europcar Lab works in close collaboration with representatives of the eighteen Corporate Countries and the network of franchises and signs partnership agreements with external operators, particularly companies, but also with the public sector, start-ups and universities.

The Lab's objective is to develop innovative mobility solutions. To do this, Europcar Lab has three options to develop a new service:

- the Creation option: Europcar Lab fully develops its own product;
- the Partnership option: Europcar Lab develops the product with a start-up or a company with a similar offer or concept;
- the Purchase option: Europcar Lab fully or partially acquires a start-up.

1.7.2 Methodology

Europcar Lab uses the "lean start-up" method, which relies on accelerated prototyping, rapid trials and concept verification and the acceptance of failure. Europcar Lab also uses the "design thinking" method, which focuses on problem resolution through innovative and creative thinking. Effectively, the Lab implemented an innovative process (see below) based on carrying out studies of the latest trends, the implication in an innovative ecosystem and the development of an approach to launch new services in five steps.

- First action: the Lab carries out various reports and studies to keep itself current on the latest innovative trends:
  - At the beginning of the year, the Lab releases a trend report covering different fields (not only mobility) that will drive the development of products and services throughout the year;

MEGA TRENDS 2018

Europcar LAB

Mega Trends 2018

URBAN & DEMOGRAPHICS TRENDS

Cities
- Cities becoming bigger and economically stronger
- New business models

Population shift
- Urbanization

Ownership
- Decrease in ownership of cars in cities
- Bigger access to shared vehicle

Customers
- Bigger demand for customisation
- Bringing service to the customer
- Bigger demand for transparency

TECHNOLOGY TRENDS

Vehicle characteristics
- More connected cars
- More autonomous vehicles
- More shared vehicles
- More electric vehicles

Blockchain
- Crypto-currencies boom
- ICOs on the rise[(1)]
- Secure vehicle payments on the rise

Connectivity & Data
- Smart city market growth
- More open data
- Connected objects boom
- 5G wireless usage will rise
- Digital transformation is ongoing

Derived trends
- Augmented reality widely used
- 3D & 4D printing usage rise in all industries
- High speed rail lines are expanding
- Voice assistants usage boom

MOBILITY PREFERENCES

Multimodality
- Increase of mobility aggregators
- Different mobility solutions for different purposes
- Corporate mobility in rise

Sharing
- Ride-hailing boom
- Light vehicle-sharing boom
- Car-sharing boom

Access options
- On demand services more popular
- Free-floating is changing habits
- More Pay-per-use customers

MARKET & COMPETITION

Collaboration & Competition
- More Co-creation / Co-development / Partnerships

Investments & Acquisitions
- Big number of investments
- Many acquisitions of tech companies

New competition
- New competition between OEMs and mobility providers

Financials
- Data means money
- Customer base monetization in rise

Market entry strategies
- Focus on city entry, not country

PUBLIC SECTOR

Legislation
- Simplifying policy documents
- Regulating new mobility services
- Data privacy / Cyber-security will become big issue

Relations
- 'City as a customer" - cars and services designed around cities
- Government wants to open more data for free (public) use

Public transport
- Integrated mobility in rise
- Collaboration between public and private sector to improve public transportation

Environmental issues
- 'Innovating to zero"
- Less cars on the streets
- Electric vehicles used more in cities

(1) (ICO): method of raising funds by issuing digital assets exchangeable for cryptocurrencies.

Throughout the year, the Lab updates research which synthetizes the main markets and players in key areas of interest for the Group and the connections between them.

- Second action, the Lab is involved in the mobility and innovation ecosystem through meetings with numerous start-ups and involvement in different conferences or events related to innovation and mobility. For example in 2017, Europcar Lab has met more than a hundred startups and 8 conferences/incubators/connections with other mobility hubs.
- Third action, the Lab follows a five-step approach to innovation, from ideation to launch:
  - **1st step – The ideation:** this is an intensive process lasting from two to five days which enables Lab members to share ideas, review and evaluate options and, finally, to begin to respond to an identified need. Lab members reflect on a concept, a prototype and test their idea with customers;
  - **2nd step – The conception:** this phase consists of making more real the concept discovered during the ideation phase. The Lab undertakes a more detailled study into the market of the concept [(1)] to better understand it; the Lab also conducts customer interviews to validate that a demand exists. The concept can evolve based on the conclusions of the customer interviews;
  - **3rd step – The prototyping:** it allows the team to materialize the concept and does not require any significant investment from the Group. Here are some examples of outputs from the prototyping phase which are all presented to potential customers to analyze their reaction and interest:
    - a landing page, which corresponds to a quickly-designed website with no backend but with detailed explanations on the concept and a subscription button,
    - brochures explaining the offer,

(1) Europcar Lab achieved 9 deep dives and 8 quantitative researches in 2017.

- email campaigns with subscription buttons sent to a client database, and
- application mockups.

If the prototyping phase is successful (*i.e.* potential customers show interest in the concept), the Lab builds a business plan. This will support the results of the prototype and give a four-year projection. The business plan is presented to the Group which decides whether or not to proceed with the piloting phase.

- **4th step – The piloting:** the concept is put in real conditions with customers from one of the Corporate Countries of the Group. The length of this phase can vary depending on the time to gather sufficient data for the Group to make a decision whether to launch the service or not. All customers involved are asked to complete surveys to obtain as much information as possible on their level of interest in the concept. If the pilot phase is a success, a more complete proposition of business case is prepared and a detailed manual is sent to the New Mobility Business Unit;
- **5th step – The Launch:** Europcar Lab is part of the launch of the concept in the first corporate country and then lets the New Mobility Business Unit develop the concept in other countries.

1.7.3 Main achievements

Since its creation in 2014, the Lab successfully contributed to the launch of three new services:

- Mobility platform: a multi-modal application to provide the customer with fully integrated transportation solutions that connect the customer and the offer in real time;
- Global Driver: a service that gives customers the opportunity to book chauffeur transportation, which simplifies travel planning and allows them to feel completely relaxed when travelling. It is available to all budgets through three service levels: economy, business and first class; and
- Drive & Share: A service being tested in France. It enables a car to be rented from Europcar for a certain period then shared on a peer-to-peer platform when not used to earn some income. After a successful pilot program in France, Europcar is now offering this service in Germany and Denmark in partnership with SnappCar.

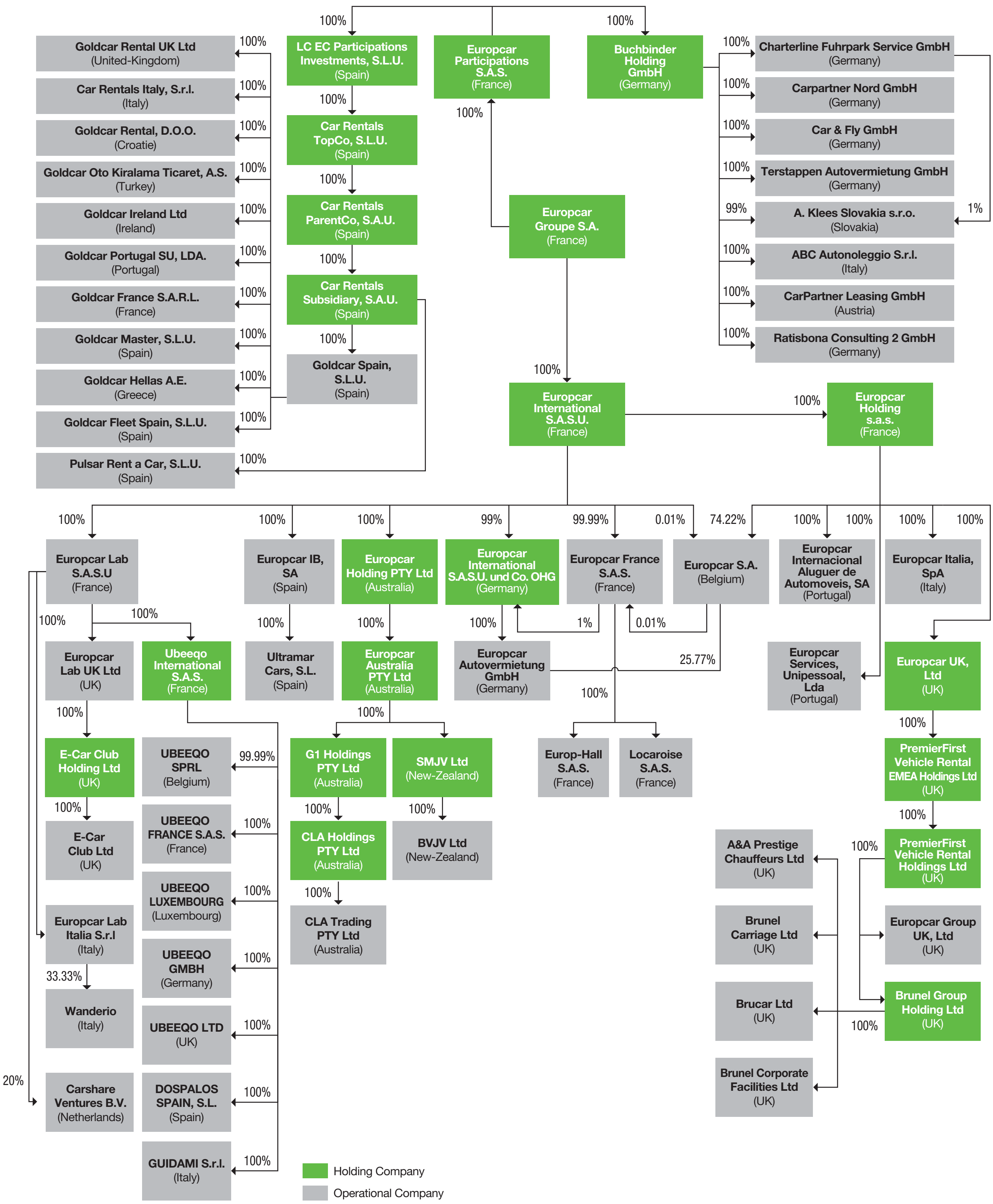
1.8 ORGANIZATION CHART

The Company, the Group's non-operational holding company, directly or indirectly holds all of the entities comprising the Group and as such lays down certain broad policies, for instance, determining the Group's strategy and the resources necessary for its implementation, as well as its commercial policy.

The Company assists its Corporate Companies through a number of support functions. On September 28, 2006, it concluded with Europcar International S.A.S.U. a services agreement pursuant to which the Company provides ECI with its know-how regarding fleet management, sales, marketing, communications, Human Resources management, accounting, finance, operations and legal services. In consideration for these services, the Company receives monthly payments from Europcar International S.A.S.U. For further information on this general service agreement, see Section 7.2.5 "*General Services Agreement signed by the Company*" of the Registration Document.

1.8.1 Simplified Group organizational chart

The following chart presents the legal organization of the Group as well as the percentage that Europcar Groupe S.A. holds directly or indirectly in the share capital and voting rights of its subsidiaries as of the date of this Registration Document.



1.8.2 Subsidiaries and equity investments

1.8.2.1 Significant subsidiaries

The Company's principal direct and indirect subsidiaries are described below:

- **Europcar International S.A.S.U.** ("ECI") is a French single-shareholder simplified stock company (*société par actions simplifiée*), the registered office of which is located at 2 rue René-Caudron, Bâtiment OP, 78960 Voisins-le-Bretonneux, France, and registered with the Versailles Trade and Companies Register under number 542 065 305. The Company directly holds 100% of the share capital and voting rights of ECI. ECI's main role is as an operational holding company for the Group. It directly or indirectly holds the majority of the Group's subsidiaries and equity investments. At the date of this Registration Document, ECI is the holder of some of the Group's principal trademarks, including Europcar®. It negotiates and manages the Group's international agreements and partnerships. It manages and operates the principal information systems;
- **Europcar Holding S.A.S.** is a French single-shareholder simplified stock company (*société par actions simplifiée*), the registered office of which is located at 2 rue René-Caudron, Bâtiment OP, 78960 Voisins-le-Bretonneux, France, and registered with the Versailles Trade and Companies Register under number 428 713 937. The Company indirectly holds 100% of the share capital and voting rights of Europcar Holding S.A.S. Europcar Holding S.A.S. directly or indirectly holds some of the Group's subsidiaries and centralizes the Group's finances;
- **Europcar France S.A.S.** is a French single-shareholder simplified stock company (*société par actions simplifiée*), the registered office of which is located at 2 rue René-Caudron, Parc d'affaires "Le Val Saint Quentin", Bâtiment L, 78960 Voisins-le-Bretonneux, France, and registered with the Versailles Trade and Companies Register under number 303 656 847. The Company indirectly holds 100% of the share capital and voting rights of Europcar France S.A.S. Europcar France S.A.S.'s principal business is short-term vehicle rental in France;
- **Europcar International S.A.S.U. und Co OHG** is a German partnership, the registered office of which is located at 81 Tangstedter Landstrasse, 22415 Hamburg, Germany, and registered with the Hamburg Trade Register under number HRA83202. The Company indirectly holds 100% of the share capital and voting rights of Europcar International S.A.S.U. und Co OHG. Europcar International S.A.S.U. und Co OHG is the Group's holding company in Germany;
- **Europcar Autovermietung GmbH** is a German limited liability company, the registered office of which is located at 81 Tangstedter Landstrasse, 22415 Hamburg, Germany, and registered with the Hamburg Trade Register under number HRB42081. The Company indirectly holds 100% of the share capital and voting rights of Europcar Autovermietung GmbH. Europcar Autovermietung GmbH's principal business is short-term vehicle rental in Germany;
- **Europcar S.A.** is a Belgian limited liability corporation (*société anonyme*), the registered office of which is located at 281 rue Saint-Denis, 1190 Forest, Belgium, and registered with the Belgian Trade Register under number 0 413 087 168. The Company indirectly holds 100% of the share capital and voting rights of Europcar S.A. Europcar S.A.'s principal business is short-term, medium-term and long-term vehicle rental in Belgium;
- **Europcar UK Limited** is an English limited liability company, the registered office of which is located at James House, 55 Welford Road, Leicester LE2 7AR, United Kingdom, and registered with the Registrar of Companies of England and Wales under number 875561. The Company indirectly holds 100% of the share capital and voting rights of Europcar UK Limited. Europcar UK Limited is the Group's holding company in the United Kingdom;
- **Europcar Group UK Limited** is an English limited liability company, the registered office of which is located at James House, 55 Welford Road, Leicester LE2 7AR, United Kingdom, and registered with the Registrar of Companies of England and Wales under number 1089053. The Company indirectly holds 100% of the share capital and voting rights of Europcar Group UK Limited. Europcar Group UK Limited's principal business is short-term vehicle rental in the United Kingdom;
- **Europcar Italia S.p.A.** is an Italian single-shareholder stock company, the registered office of which is located at 32 Corso Italia, 39100 Bolzane, Italy, and registered with the Bolzane Trade Register under number 207101. The Company indirectly holds 100% of the share capital and voting rights of Europcar Italia S.p.A. Europcar Italia S.p.A.'s principal business is short-term vehicle rental in Italy;
- **Europcar Internacional Aluguer de Automoveis S.A.** is a Portuguese limited liability corporation, the registered office of which is located at 17 Rua Carlos Alberto Mota Pinto, Lisbon, 10996095, Portugal and registered with the Lisbon Trade Register under number 500074135. The Company indirectly holds 100% of the share capital and voting rights of Europcar Internacional Aluguer de Automoveis SA. Europcar Internacional Aluguer de Automoveis SA's principal business is short-term vehicle rental in Portugal;
- **Europcar IB S.A.** is a Spanish company, the registered office of which is located at 16-18 Avenida del Partenon, 2a planta, Campos de las Naciones, Madrid, 28042, Spain, and registered with the Madrid Trade Register under number 5999. The Company indirectly holds 100% of the share capital and voting rights of Europcar IB S.A. Europcar IB S.A.'s principal business is short-term vehicle rental in Spain;

- **Goldcar Spain S.L.U.** is a Spanish company, the registered office of which is located at Carretera Valencia N-332 Km 115, Sant Joan d'Alacant, 03550, Alicante, Spain, and registered with the Alicante Trade Register under number B03403169. The Company indirectly holds 100% of the share capital and voting rights of Goldcar Spain S.L.U. Goldcar Spain S.L.U.'s principal business is short-term vehicle rental in Spain and Portugal;
- **Pulsar Rent a Car S.L.U.** is a Spanish company, the registered office of which is located at Carretera Valencia N-332 Km 115, Sant Joan d'Alacant, 03550, Alicante, Spain, and registered with the Alicante Trade Register under number B54873245. The Company indirectly holds 100% of the share capital and voting rights of Pulsar Rent a Car S.L.U;
- **Buchbinder Holding GmbH** is a German limited liability company, the registered office of which is located at Kulmbacher Straße 8, 93057 Regensburg, Germany, and registered under number HRB16234. The Company indirectly holds 100% of the share capital and voting rights of Buchbinder Holding GmbH. Buchbinder Holding GmbH is the Group's holding company for Buchbinder's activities;
- **CLA Trading Pty Limited** is an Australian limited liability company, the registered office of which is located at 158 Mickleham Road – Tullamarine, Victoria, VIC 3044, Australia, and registered with the Victoria Trade Register under number ACN 282 220 399. The Company indirectly holds 100% of the share capital and voting rights of CLA Trading Pty Ltd CLA Trading Pty Ltd's principal business is short-term vehicle rental in Australia;
- **BVJV Limited** is a New Zealand limited liability company whose registered office is located at 848 Colombo street, Christchurch, New Zealand and is registered with the commercial registry under number AC 117 1885. The Company indirectly holds 100% of the share capital and voting rights of BVJV Limited The main business of BVJV Limited is short term vehicle rental in New Zealand;

For a description of the Group's other consolidated subsidiaries, see Note 36 *Group Entities* to the 2017 financial statements included in Section 3.4 "*Consolidated financial statements and Statutory Auditors' report for the fiscal year ended december 31, 2017*" of the Registration Document.

1.8.2.2 Acquisitions and disposals of subsidiaries in 2017

On April 27, 2017, as part of the buyout of its Danish franchisee, the Group, acting through its subsidiary Europcar Participations S.A.S., acquired 100% of the share capital of the Danish companies Østergaard Biler A/S and Nordcar Finance A/S, thus accelerating the extension of its corporate network and strengthening its car rental and Vans & Trucks footprint. Europcar Denmark has a strong nationwilde network of 40 branches throughout the country, both locally and at major airports; it operates a fleet of more than 6,000 vehicles and has a strong customer base on both leisure and business segments.

On July 31, 2017, the Group, acting through its French subsidiary Europcar France S.A.S., acquired LOR'RENT S.A.S. LOR'RENT is a well-established company in the Lorraine region with 8 branches in the east of France and a fleet of approximately 500 vehicles.

On September 20, 2017, the Group completed the acquisition of Buchbinder, composed of Charterline Fuhrpark Service GmbH, CarPartner Nord GmbH, Car & Fly GmbH, Terstappen Autovermietung GmbH, CarPartner Leasing GmbH, A.Klees Slovakia s.r.o., ABC Autonoleggio S.r.l., Bayernmobile GmbH and Megadrive Autovermietung GmbH, through Buchbinder Holding GmbH. The Buchbinder group is one of the largest car rental companies in Germany and Austria. Germany is the largest country for the Group in terms of revenue and through the acquisition of Buchbinder, the Group intends to significantly improve its penetration of the Low Cost segment and become the market leader in the local Vans & Trucks market. Buchbinder has an extensive network of 152 stations, an average fleet of around 20,000 vehicles and is also present in Italy, Hungary and Slovakia. The combination of Buchbinder and Europcar Germany's Vans & Trucks businesses drives the expansion of the Low Cost business in Southern Europe.

On December 19, 2017, after receiving the approval of the EU Commission on December 5, 2017, Europcar completed the acquisition of the Goldcar Group, through the acquisition by a dedicated subsidiary, LC EC Participations Investments, S.L.U., of 100% of the share capital of Car Rentals TopCo, S.L.U., Car Rentals ParentCo S.A.U., Car Rentals Subsidiary S.A.U., Goldcar Spain S.L.U., Car Rentals Italy S.r.l., Goldcar Italy S.r.l., Goldcar Rental D.O.O., Goldcar Oto Kiralama Ticaret A.S., Goldcar Ireland Ltd, Goldhire Portugal SU Lda, Goldcar France S.A.R.L, Goldcar Master S.L.U., Goldcar Hellas A.E., Goldcar Fleets Spain S.L.U., Goldcar Fleetco S.A.U., Goldcar Fleetco Italy S.r.l., Goldcar Fleetco France S.A.R.L., Goldcar Fleetco Portugal SU Lda, Goldcar Fleetco Hellas A.E. and Pulsar Rent a Car S.L.U. Goldcar is a major low cost operator in Europe thanks to its strong position in Spain and Portugal and this acquisition allows the Group to increase its exposure to three major growth engines: the Mediterranean region, the leisure segment and the low cost segment. This acquisition creates value for the Group as it strengthens its expertise and know-how in low cost operations and significantly improves the revenue growth prospects of Europcar's Low Cost business unit. The transaction is expected to generate close to €30 million cost synergies.

On December 20, 2017, the Group acting through Europcar Participations S.A.S. acquired 100% of the share capital of InterRent SA, a company incorporated in Luxembourg.

1.8.2.3 Equity Investments

As part of its mobility strategy, in September 2016 the Group, acting through its Italian subsidiary Europcar Lab Italia S.p.A., took a 20% non-controlling stake in Wanderio S.p.A, an Italian start-up whose aim is to offer an online multimodal search and comparison platform where customers can find the best means of transport from A to B, by price and journey time.

On February 28, 2017, Europcar Lab Italia S.p.A increased its shareholding in Wanderio S.p.A up to 33.33%.

On February 17, 2017, the Group acquired the minority interest held by the founders of Ubeeqo, representing approximately 24% of the share capital of Ubeeqo International S.A.S. As a result, Europcar Groupe holds 100% of the share capital and voting rights of Ubeeqo International S.A.S. through Europcar Lab S.A.S.

On May 23, 2017, the Group acquired a 20% minority investment through Europcar Lab S.A.S. in Carshare Ventures B.V., a peer-to-peer car sharing start-up. The Group through its subsidiary Europcar Lab S.A.S., joins a consortium of two existing shareholders (AutoBinck Group and Studio Founders) for a total investment of €10 million.

As of December 31, 2018, the Group holds a 25% stake in the capital and voting rights of Car2go Europe GmbH. Car2go Europe GmbH is consolidated by the equity method in the Group's consolidated financial statements. See Section 3.4 "*Consolidated financial statements and Statutory Auditors' report for the fiscal year ended December 31, 2017*". On April 4, 2018 the Group announced it had sold to Daimler Mobility Services the 25% of the capital and voting rights held by Europcar International SAU in Car2go Europe GmbH, having received authorization for the deal from the relevant competition authorities. The sale generated a gain before taxes of €70 million which will be reported in the Company's financial statements for Q1 2018.

1.8.2.4 EC Finance Plc

EC Finance Plc is an autonomous special-purpose financing vehicle formed in connection with the issuance of the EC Finance Notes, which are used to finance part of the Group's fleet. All of EC Finance Plc's common shares are held by TMF Trustee Limited, an English entity, in its capacity as trustee for a charitable trust established under English law. EC Finance Plc has no material operations. The Company is deemed to indirectly control EC Finance Plc, which is included in the Group's scope of consolidation. For more information on the EC Finance Notes, see Section 3.2.3 "*Description of the financing as of December 31, 2017*" of this Registration Document.

1.8.2.5 Securitifleet Entities

Securitifleet S.A.S.U. and Securitifleet S.p.A. are, respectively, 100% and 94% held by Securitifleet Holding S.A., which in turn is controlled by Sanne Capital Market (Ireland) Limited, an autonomous special purpose vehicle governed by Irish law:

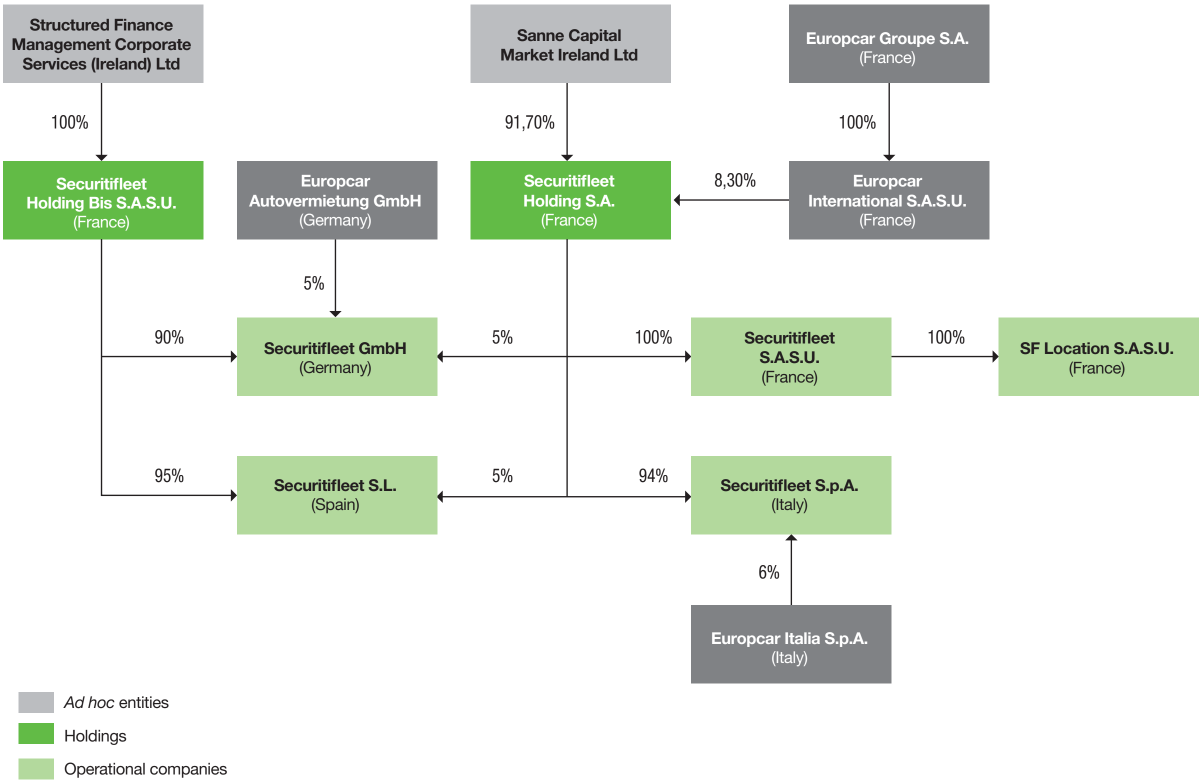
- **Securitifleet S.A.S.U.** is a single-shareholder simplified stock company (*société par actions simplifiée*), the registered office of which is located at 57 avenue de Bretagne, 76100 Rouen, France, and registered with the Rouen Trade and Companies Register under number 443 071 816. Securitifleet S.A.S.U. is an autonomous special purpose company set up in connection with the Group's securitization structure and having as its sole purpose the acquisition and ownership of vehicles to be leased to Europcar France S.A.S.; and
- **Securitifleet S.p.A.** is an Italian stock company, the registered office of which is located at 32 Corso Italia, 39100 Bolzano, Italy, and registered with the Bolzano Trade Register under number 205586. Securitifleet S.p.A is an autonomous special purpose company set up in connection with the Group's securitization structure and having as its sole purpose the acquisition and ownership of vehicles to be leased to Europcar Italia S.p.A.

Securitifleet GmbH and Securitifleet S.L. are, respectively, 90% and 95% held by Securitifleet Holding Bis S.A.S.U., itself controlled by Structured Finance Management Corporate Services (Ireland) Limited, an autonomous special purpose vehicle governed by Irish law:

- **Securitifleet GmbH is** a German limited liability company, the registered office of which is located at 81 Tangstedter Landstrasse, 22415 Hamburg, Germany, and registered with the Hamburg Trade Register under number HRB 91341. Securitifleet GmbH is an autonomous special purpose company set up in connection with the Group's securitization structure and having as its sole purpose the acquisition and ownership of vehicles to be leased to Europcar Autovermietung GmbH;
- **Securitifleet S.L.** is a Spanish limited liability company, the registered office of which is located at C/Trespaderne, 19 Madrid, Spain, registered with the Madrid Trade Register, Sheet M (310,150), Book 17.955, page 92, and holding Tax Identification Code B-83382549. Securitifleet S.L. is an autonomous special purpose company set up in connection with the Group's securitization structure and having as its sole purpose the acquisition and ownership of vehicles to be leased to Europcar IB S.A.

The above-mentioned Securitifleet entities are included in the Group's scope of consolidation.

The following organizational chart sets forth the legal organization of the Securitifleet companies at the date of this Registration Document. For a presentation of the links between the Europcar operating entities and the Securitifleet companies, please see the graphic shown in Section 3.2.3 "*Description of the financing as of December 31, 2017*".



1.9 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

1.9.1 Research and development

The Group does not conduct any research and development activities. However, it is constantly searching for innovative solutions. In 2014, it created Europcar Lab, an ideas incubator to support the Group's strategic projects. Europcar Lab has also invested and acquired various companies developing new mobility solutions within Europe. Such companies hold most of the material intellectual property rights used in connection with its respective businesses (including amongst others car sharing and private hire vehicle services).

See Section 1.7 "*Europcar Innovation Lab*" for a description of Europcar Lab.

1.9.2 Intellectual property, licenses, usage rights, and other intangible assets

The Group holds most of the material intellectual property rights used in connection with its business, which enables it in the vast majority of cases to provide services to its customers without dependence on third parties.

Most of these rights are held by ECI, ECG and through the subsidiaries of Europcar Lab, with the remainder (for distinctive marks used in a particular country) held by local Group entities.

The Group's intellectual property rights primarily comprise:

(i) rights to distinctive marks, such as trademarks or domain names, in particular those including the names "Europcar®", "InterRent®", "Buchbinder®" and "Keddy®". These intellectual property rights are registered or in the process of being registered in most of the countries where the Group does business, in order to protect them appropriately for the related activities;

(ii) rights relating to the "GreenWay®" technology, the Group's complete commercial software solution, principally in the areas of fleet management, e-commerce, reservations and global distribution, as well as rental activities; and

(iii) rights relating to the brands and – the case being – the technology and software solutions used by the new mobility companies which have been acquired by Europcar Lab since its conception. Such intellectual property rights allow these acquired companies (such as Ubeeqo) to operate its services – in certain cases – without relying on third parties.

In connection with several partnerships and franchise agreements outside of France (in particular with (i) Discount Car & Truck Rentals Limited in Canada, (ii) AMAG Services AG in Switzerland and Lichtenstein, (iii) ARAC GmbH in Austria, and (iv) InterRent AS in Norway, and where the services provided so require), ECI grants its partners and franchisees a license to certain of its intellectual property rights (in particular to its trademarks and GreenWay® technology in a given territory). ECI is also party to a cross-licensing agreement with Advantage OpCo ("Advantage") pursuant to which (i) Advantage grants ECI an exclusive license to certain "Advantage" trademarks in the countries where the Group is present or has a franchise, with the exception of the United States (although the license does cover Puerto Rico) and (ii) ECI grants Advantage an exclusive license to the "Europcar®" trademark in the United States (but not covering Puerto Rico). The licenses are non-exclusive and non-transferable for a duration equal to the term of the joint venture or franchise agreements in connection with which they are granted. These licenses are not the subject of specific fees, but instead are taken into account in the overall negotiation of the partnership or franchise agreements to which they apply. Under the partnership with the Chinese group Shouqi Car Rental, a cross-license agreement was also entered into with the latter, under the terms of which (i) Shouqi granted to Europcar International S.A.S.U. a license on certain brands in the countries where the Group operates or has a franchise, and (ii) Europcar International S.A.S.U. granted to Shouqi a license on the "Europcar®" brand in China. The licenses are non-exclusive and non-transferable for a duration equal to the term of the partnership agreement in connection with which they are granted.

For details of the valuation of the Group's brands, see Note 16 *Intangible assets* to the 2017 financial statements included in Section 3.4 "*Consolidated financial statements and Statutory Auditors' report for the fiscal year ended December 31, 2017*".

1.10 PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2017, the Group held property, plant and equipment with a gross value of €344 million (€285 million as of December 31, 2016). The Group also leases some of its fixed assets, in particular certain buildings and technical equipment. For 2017, rental charges totaled €83.3 million (€70 million at December 31, 2016).

Property, plant and equipment owned or leased by Group entities consists mainly of:

- administrative buildings and offices, for the Group's administrative and commercial needs, in all of the countries where the Group does business.

The Company's registered office is in Voisins-le-Bretonneux, (78960) (France) where it occupies Bâtiment OP of the "Parc d'affaires le Val Saint-Quentin", which includes 5,900 square meters of rental office space, as well as parking spaces. This is leased by Europcar International S.A.S.U. under a commercial office lease signed on May 4, 2011, with a fixed duration of nine years and three months as from October 1, 2012. The initial nine year and three month duration is fixed and irrevocable, Europcar International S.A.S.U. having waived its right to terminate the lease at the end of the first three three-year terms thereof.

The Company also occupies 528 square meters on the 6th and 7th floors of an office complex in Paris's 17th arrondissement (75017), 24, rue de Prony, leased by Europcar International S.A.S.U. under a commercial office lease signed on July 4, 2016, with a duration of nine years, including six years fixed, as from August 1, 2016.

Each of the Corporate Countries also occupies premises for its headquarters. The Group also owns different buildings:

- rental stations, primarily located in or near airports and train stations, as well as in business and residential neighborhoods. The Corporate Countries rent or operate the majority of the Group's 1,340 directly managed stations, pursuant to concessions awarded by governmental authorities and leases with private entities. The leases and concession agreements generally require the payment of rent or minimum concession fees, and in certain countries also require the relevant Corporate Country entity to pay or reimburse operating fees, additional rent, or concession fees that are greater than the guaranteed minimum, calculated based on a percentage of revenue or sales at the locations in question;
- technical infrastructure for servers and data centers;
- fueling equipment and car washing installations in its stations in each Corporate Country.

These property, plant and equipment are pledged as collateral for corporate financing, as indicated in Note 17 "*Property, plant and equipment*" of the 2017 consolidated financial statements included in Section 3.4 of this Registration Document.

RISK FACTORS

Investors should consider all of the information set forth in this Registration Document, including the following risk factors as set out in this Chapter. Such risks are, as of the date of this Registration Document, the risks that the Group believes, were they to occur, could have a material adverse effect on its business, financial results, financial position and prospects. The Group believes that, as of the date of this Registration Document, there are no significant risks other than those presented in this Chapter. The attention of investors is drawn to the fact that additional risks that are not known at the date hereof, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect on the Group's business, its results of operations, financial position or prospects, image, reputation or on the market share price of the Company, may exist or occur.

In this Registration Document, unless otherwise provided, the 2017 figures provided for the Corporate Countries:

- ***integrate data relating to Buchbinder, a group of companies acquired by Europcar on September 20, 2017, for the period from September 1, 2017 through December 31, 2017. It is specified that Buchbinder's balance sheet is consolidated in Europcar Groupe's financial statements as of December 31, 2017, but Buchbinder's income statement is consolidated in Europcar Groupe's financial statements only for the aforementioned period;***
- ***integrate the data related to the Danish companies Ostergaard Biler A/S and NordCar Finance A/S, a former franchisee of the Group acquired by Europcar on April 27, 2017, for the period from May 1, 2017 through December 31, 2017. It is specified that the balance sheet of the former Danish franchisee is consolidated in Europcar Groupe's financial statements as of December 31, 2017, but that the income statement of the former Danish franchisee is only consolidated in Europcar Groupe's financial statements for the aforementioned period. The figures provided for the franchisees therefore include the data for the former Danish franchisee for the period January 1, 2017 to April 30, 2017;***
- ***exclude, unless otherwise indicated, data relating to Goldcar, a group of companies acquired by Europcar on December 19, 2017, with the exception of Goldcar's balance sheet, which is consolidated in Europcar Groupe's financial statements as of December 31, 2017.***

2.1 RISKS RELATING TO THE GROUP'S INDUSTRY AND MARKETS

2.1.1 Risks related to the high level of competition in the vehicle rental industry, affected by structural changes

The vehicle rental industry is a competitive market. The Group competes at the international level primarily with a number of global vehicle rental companies such as Hertz, Avis, Enterprise and Sixt. The Group also competes in specific regions or countries with a number of smaller regional companies. In particular regions, some of the Group's competitors and potential competitors may have greater market share, more technical staff, larger customer bases, lower cost bases, more established distribution channels or greater brand recognition and may adapt more rapidly than the Group does to respond to expectations and changes in demand in the regions in which they operate. The increased competition could make it more difficult to penetrate certain markets, including the United States, the biggest market in the world, where Europcar currently operates through a partnership. On a worldwide basis, some of these competitors and potential competitors may have greater financial or marketing resources.

Price is one of the industry's main competitive factors. Pricing is significantly affected by the supply of vehicles available for rent relative to demand, and oversupply of rental vehicles relative to demand can result in intense pricing pressure as vehicle rental companies seek to maintain high fleet utilization rates. Vehicle rental companies adjust fleet size based on their demand and supply forecasts as well as competitive positioning strategies. A number of variables complicate the accuracy of such forecasts, including the variability of other vehicle rental companies' fleet sizes and the relative dispersion of the European market, which may lead to mismatches between supply and demand.

If potential competitive pressures require the Group to match competitors' prices but the Group is not able to reduce operating costs correspondingly, then the Group's results of operations and financial position could be materially and adversely affected.

The vehicle rental industry has been evolving and is facing further and potentially substantial structural changes due to changing customer preferences and usages combined with and driven by technological change. The increased use of the Internet for reservations of rental vehicles is a major structural change which makes competition more transparent, and thus increases the potential pressure on prices in the vehicle rental industry, such that pricing could become the main, if not the only, source of differentiation. This trend is expected to continue, even though the rate of increase in the percentage of vehicle rental reservations made through the Internet (including through rental brokers) has slowed in recent years. The percentage of reservations for the Group made through the Internet thus rose from 27% in 2008 to 57% in 2016 and 74% in 2017. This increase is due, among other things, to the ease of use of this distribution channel (including for "last minute" bookings) and the fact that it enables price and service comparisons. These trends could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

With increased pricing transparency and the recent economic downturn, individuals and businesses have been increasingly focused on low cost travel and many companies have implemented measures to reduce business travel costs. As a result, the vehicle rental market has also witnessed increased demand for smaller economy vehicles, and more generally the low cost market, which has required industry actors to adjust their fleet and adapt the cost structure associated with these offers. Failure to adapt to these market changes, together with increased competition, could have a material adverse effect on the Group's profitability.

The emergence of new mobility solutions creates opportunities, but is not devoid of risks (see Sections 1.3 "*Market and competitive environment*" and 1.4 "*Strategy*" in this Registration Document). The arrival of new potential competitors such as companies offering car-sharing and car-pooling services and their growing presence in the mobility market may also affect the Group's competitive position.

2.1.2 Risks related to weakening macro-economic conditions or a fall in travel demand in the regions in which the Group operates

The Group benefits from an international network and operates primarily in Europe. The Group generated 92.8% and 7.2% of its total revenue (before intra-group and holdings eliminations) in Europe and the Rest of the World, respectively, for the year ended December 31, 2017. Demand for vehicle rentals in a given region, and "corporate" rentals in particular, is affected by trends in the gross domestic product (GDP). Declines in or stagnation of GDP negatively impacts the level of vehicle rental demand. For example, the vehicle rental industry in general and the Group in particular were negatively affected by the global financial and ensuing economic crisis beginning in 2008/2009 and again in Europe in 2011/2012 by the sovereign debt crisis. Such crises resulted in a tightening of the credit markets, a reduction in business and leisure travel, reduced consumer spending and an increase in volatility of fuel prices, all of which negatively affected the vehicle rental industry, particularly "corporate" rentals. Although macro-economic conditions have improved globally and in the Group's key markets since 2014, current conditions in, and the outlook for, the Euro-zone economy remain uncertain, with a persistent risk of stagnation or deflation, as well as the potential reemergence of a sovereign debt crisis.

A deflationary environment in Europe would limit the Group's growth prospects and any deterioration in the Euro-zone economy could adversely affect the Group's business, results of operations, financial position and prospects.

Vehicle rental demand, particularly in the "leisure" segment, is also affected by trends in air travel, which themselves are in turn affected both by macroeconomic conditions as well as by specific factors such as flight ticket prices, fuel price trends, work stoppages, natural catastrophes, epidemics, terrorist incidents (or a perceived heightened risk of incidents), military conflicts or government responses to any of these events. With respect to terrorist incidents such as the attacks in Paris in November 2015, and in European capitals in 2016 and 2017, the Group believes that the impact on its financial performance for the 2017 fiscal year has been limited. Nevertheless, if repeated attacks were to occur in Europe, it could have a significant adverse effect on the Group's activities, results of operations and financial position. In order to limit the negative effect, the Group subscribed to an insurance program (see Section 2.6.3.3 "*Risks related to the Group's business (excluding its fleet)*"). Rentals at its airport rental stations were responsible for 43% of the Group's total rental revenue for the year ended December 31, 2017. The Group has significant alliances and partnership arrangements with a number of major airlines that generate a significant source of demand for its services. Accordingly, a substantial portion of Group revenue is strongly correlated with the level of air traffic. Any event that disrupts or reduces business or leisure air travel could therefore have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Uncertainty and volatility with respect to economic conditions and air travel frequency levels also complicate demand trend projections and hence fleet management.

2.1.3 Risks related to the imminent exit of the United Kingdom from the European Union

In a referendum, the United Kingdom chose to leave the European Union ("**Brexit**"). In November 2017, the British government indicated that Brexit would be effective as of March 29, 2019 at 23:00 GMT. At end 2017, the European Union and the United Kingdom approved the start of the second round of Brexit negotiations. This second round consists of negotiating the longer term partnership agreement between the European Union and the United Kingdom and setting the rules for the transition period post-Brexit, which is expected to last for two years. Brexit and the uncertainties related to the negotiations may negatively affect economies worldwide, market conditions and may contribute to the instability of the financial markets and the global currency markets, in particular relating to the volatility in the value of the pound sterling or the euro. As the effects of Brexit cannot be entirely anticipated, they may have a materially adverse effect on the Group's business, results of operations, financial position and prospects. Brexit could have had an unfavorable effect on the Group's business, results of operation and financial position in 2017. On a structural front, Great Britain is a highly competitive and tightly priced region, which tends to drag down the market, particularly in the SME and Replacement markets of the Business segment. This environment is intensified by Brexit, which creates pressure on volumes and unfavorably affects the Business segment, and is only partly offset by the volumes achieved in the Leisure segment. Brexit also had a price effect from a rise in inflation that was not passed on to prices. Finally, Brexit could create uncertainties as to the legal framework applicable to the Group's operations due in particular to the potential divergence of laws and regulations by country, with the United Kingdom deciding on the European Union laws that it may wish to either replace or replicate. See Note 28 "*Financial risk management*" regarding foreign exchange risk in the 2017 financial statements, presented in Section 3.4 "*Consolidated financial statements and Statutory Auditors' report for the fiscal year ended December 31, 2017*".

2.1.4 Risks related to the seasonal nature and sensitivity to weather conditions of the vehicle rental industry

The third quarter of the year has historically been the Group's strongest quarter due to higher levels of leisure travel in the summer months. As an example, for the fiscal year ended December 31, 2017, the third quarter accounted for 32.5% of the Group's consolidated revenue for the year and 61% of its Adjusted corporate EBITDA. Any occurrence that disrupts rental activity during the second or third quarters could have a significant material adverse effect on the Group's revenues and profitability, given the existence of substantial fixed costs.

Vehicle rental demand is also highly sensitive to weather conditions. The tendency towards last minute reservations (itself resulting in part from the increasing weight of Internet-based distribution channels) has increased this sensitivity. Bad weather, particularly in the summer months, could reduce demand during this critical period of the year. A sharp reduction in demand due to poor weather may not be anticipated by the Group's fleet management planning, and could have a material adverse effect on the Group's revenues and profitability.

The Group purchases vehicles for its fleet based on anticipated fluctuations in demand, in particular seasonal fluctuations. The necessary variation in fleet levels also results in higher levels of debt in the summer months compared to other times of year, as additional capital is required to fund fleet acquisitions. The Group manages its cost base and investment decisions in line with forecast activity levels and historical needs. Any difference between forecasted and actual activity, in particular during peak periods, could have a material adverse effect on pricing both during the peak periods and in the "shoulder" periods before and after them and therefore on the Group's business, results of operations and financial position.

2.2 RISKS RELATED TO THE BUSINESS

2.2.1 Risks related to the Group's ability to develop and maintain favorable brand recognition

The Group invests in its brands and incurs substantial expense to promote its brands, including through partnerships and advertising campaigns. Factors affecting brand recognition are often outside the Group's control, however, and such efforts may not be successful (for examples, see Sections 2.4.3 "*Risks related to the protection of intellectual property rights*" and 2.9 "*Regulatory, legal and arbitration proceedings*" of this Registration Document). The integration of the Group's newly acquired brands could represent a reputational risk for the Group and have a materially adverse effect on its business, results of operations, and financial position.

The risk of reputational damage to the Group is magnified by the existence of its extensive network of franchisees, agents and independent partners (see Section 1.6.6 "*Europcar's Network*" of this Registration Document). While the Group has implemented brand guidelines ("Brand Guidelines") that specify the conditions under which its partners, franchisees and agents may reproduce and/or represent its brands and it ensures, in particular via Internet monitoring, that franchisees, agents and partners adhere to its standards and thereby uphold and promote its brands that they use under license, any failure by them to do so could adversely affect the Group's brands reputation. This could in turn make it more difficult for the Group to attract new franchisees, agents or partners and thus compromise its growth strategy.

2.2.2 Risks related to the potential inability for the Group to continue operations on acceptable terms at certain major airports and train stations

For the year ended December 31, 2017, revenue generated by vehicle rentals from airport stations represented 43% of total Group revenue in Corporate Countries. The number of rental stations in airports as a percentage of the Group's total number of stations remained stable at 16% over 2017. The Group operates airport and train station rental locations under contracts that have typical terms of three to five years. While historically such arrangements have been renewed, the commercial terms may be adjusted and there can be no assurance that they will be renewed on similar terms (in particular due to an upward trend in commissions paid to airports to be passed on to the end consumer, where applicable). A potential inability for the Group to continue operations on acceptable terms at certain major airports and train stations currently within the Europcar network could have a material adverse effect on the Group's business, results of operations and financial position.

2.2.3 Risks related to the Group's rental fleet supply

The Group relies to a significant extent on contractual agreements with a limited number of car manufacturers and dealers. Any of these manufacturers could decide to restrict the production or sale of vehicles to the rental industry for various reasons or could be affected by the occurrence of unforeseeable events that would affect the supply chain for vehicles. In general, car manufacturers limit the number of vehicles sold to short-term rental companies to a percentage of their total sales of new vehicles. This percentage varies between 7% and 12% depending on the manufacturer. In addition, depending on market conditions, sales of vehicles to rental companies may be less profitable for automobile manufacturers than other sales channels or may not suit their marketing and branding strategy at a given time. Indeed, sales to the vehicle rental industry have historically been relatively less profitable for car manufacturers due to sales incentive and other discount programs that allow fleet purchasers such as Europcar to limit the average holding costs for their vehicles. Fleet supply and holding costs could increase if car manufacturers implement strategies to limit sales to the vehicle rental industry or improve the profitability of such sales (*e.g.*, by offering lower discounts or repurchase prices), and there can be no assurance that the Group will be able to pass on such increased costs to its rental customers. If the Group is unable to obtain favorable pricing and other terms when it acquires vehicles and is unable to pass on increased costs to customers, the Group's results of operation and financial position could be materially adversely affected. For further information on the Group's expenses related to vehicle purchases and costs related to purchasing and selling vehicles, see "*Structure and operational efficiency*" in Section 3.1.1.2 "*Main factors that can impact the Group's Results*", and 3.3.1 "*Investment History*" of this Registration Document.

Any economic or financial distress affecting manufacturers, dealers and their suppliers of vehicle components, could also cause them to raise the prices the Group pays for vehicles or to reduce the capacity of the Group to supply its fleet. As a result, there is no guarantee that the Group will continue to be able to obtain vehicles at terms and conditions that are as competitive or in the form of the particular vehicle sales arrangements on which the Group currently relies. In particular, the Group relies on buy-back agreements (whereby the Group's vehicles are repurchased by the manufacturer or dealer on pre-established terms after a certain pre-determined period) to limit potential residual risk with respect to residual value of the vehicles, to enable financing on the basis of the agreed repurchase price and to provide flexibility for fleet management. If vehicle acquisition costs increase and the Group is unable to pass on all or part of increased costs to its customers, or if the Group is unable to supply itself with vehicles by benefiting from buy-back agreements at competitive terms and conditions, the Group's results of operations and financial position may be materially and adversely affected.

The vehicle purchase policy is still chiefly "buy-back". The portion of diesel in the Group's purchases of passenger cars went from 59% in 2015 to 53% in 2016, and 47% in 2017. This decrease mainly concerns small vehicles in the mini, economy and compact ranges. Due to the savings in use, which remain favorable (lower consumption, price per liter and recovery of VAT), the Group has not noticed any fall in demand for diesel from its customers, either individual or corporate. With very rare exceptions, there has been no impact on the demand for brands involved or suspected to be involved in "diesel gate".

During 2016 and 2017, "Volkswagen gate" had little effect on the Group's fleet. Even though a slight drop in the residual values of diesel vehicles has been noted, due to the buy-back agreements covering the large majority of the volumes, the Group's fleet costs have not been impacted. Furthermore, at the date of this Registration Document, it has been noted that manufacturers have once again reduced the proportion of diesel vehicles in favor of gasoline vehicles for 2018, as they did in 2017.

In general, in the event that investigations on pollutant emissions affect car manufacturers, the portion of "at risk vehicles" without a buy back clause in the Group is low, and, at the date of this Registration Document, the Group does not anticipate any significant adverse impact on its results of operations or financial position.

For short-term rental activity, the demand from clients for electric vehicles remains sporadic. Limited range, lengthy recharge time and limited infrastructure are still real deterrents for customers. On the other hand, while hybrid vehicles are well regarded, manufacturers still offer a very limited choice. By 2020, the Group predicts an increasing number in the offer of hybrid vehicles, and by 2023, anticipates that technical constraints for electric vehicles will have diminished.

The Group might have to spend considerable sums if a manufacturer or dealer were no longer able to respect its buy back commitments for reasons of insolvency or any other reason, or if a manufacturer or dealer no longer wished to buy back vehicles whose residual value may have declined. In these circumstances, the Group may be unable to dispose of its vehicles at the prices specified under the buy-back agreement or calculated based on the guaranteed depreciation, or it may be unable to receive contractual premiums. Failure by a manufacturer or dealer to fulfill its aforementioned obligations could leave the Group with a substantial and uncertain unpaid claim particularly with respect to vehicles that have been (i) resold for an amount less than the amount contractually guaranteed and therefore subject to a payment obligation from the manufacturer or dealer for the loss incurred by the Group or (ii) returned to the manufacturer or dealer but for which the Group may risk not receiving any payment or only partial payment. Such failure to perform could lead the Group to incur a substantial loss.

2.2.4 Risks related to the Group's holding of vehicles not covered by buy back agreements

With a scope of consolidation comparable to 2016, approximately 92% of the fleet acquired by Europcar in 2017 was covered by buy back agreements. This rate fell slightly to 88% in 2017 following the acquisitions of Europcar Ireland, Europcar Danemark and Buchbinder. Including the Goldcar fleet, the rate was 87% in 2017, which represents no material change in Europcar Group's business model. Residual values of the remaining vehicles not covered by buy back agreements, referred to as "at risk" vehicles, are exposed to variable conditions linked to uncertainties in the used vehicle market. The Group's ability to sell its vehicles in the used vehicle market place could become constrained as a result of a number of factors, including the macro-economic environment, model changes, legislative requirements (*e.g.*, changes to environmental legislation or vehicle taxes), and oversupply by manufacturers of new or late model pre-owned vehicles. A decline in used vehicle prices or a lack of liquidity in the used vehicle market may severely hinder the Group's ability to resell "at risk vehicles" without a loss on investment and could adversely affect the Group's profitability.

Although the Group has entered into several multi-year agreements for the buy back of vehicles, the current relatively low percentage of "at risk vehicles" in the Group's rental fleet could increase as a result of market conditions or if manufacturers were reluctant to agree to sales with buy-back agreements or if they offered less attractive buy back terms. Market trends in certain jurisdictions tend towards greater demand for low cost vehicles, which may result in an increase in the percentage of "at risk vehicles" in the Group's fleet. Automobile manufacturers may cease granting buy-back agreements or may modify the terms of repurchase programs from one year to another, rendering the purchase of vehicles in the context of such programs less attractive. The Group's vehicles covered by buy-back agreements may also fail to meet repurchase conditions, in particular condition and mileage requirements for returned vehicles. Vehicles that fail to meet repurchase conditions become "at risk vehicles". For the year ended December 31, 2017, the percentage of vehicles covered by buy back agreements converted into "at risk" vehicles was 1.79%.

The Group relies on buy-back agreements for a substantial portion of its fleet financing. If the Group were to fail to purchase a significant part of its fleet through buy back agreements at acceptable conditions, vehicle related debt financing would become more difficult to obtain on acceptable terms. See Section 2.3.3 "*Risks related to the Group's potential inability to continue financing vehicle acquisitions for its fleet*" of this Registration Document.

Fleet holding costs represent a significant portion of the Group's operating expenses and buy-back agreements enable the Group to determine a substantial portion of its fleet holding cost expense in advance. Any increase in the proportion of "at risk vehicles" in the Group's fleet would decrease the Group's ability to determine its fleet holdings in advance. In addition, any reduction in the residual values of "at risk vehicles" could cause the Group to sustain a loss during the ultimate resale of such vehicles and would affect its liquidity by decreasing the value of the asset base upon which financing is based. Any increase in the share of "at risk vehicles" in the Group's fleet would increase its exposure to fluctuations in the residual value of used vehicles.

Buy-back agreements provide increased flexibility to adjust the size of the Group's fleet to respond to seasonal fluctuations in demand or in the event of an economic downturn, because such programs allow a shorter holding period than for "at risk vehicles". This flexibility has enabled the Group to optimize its fleet holding costs and increase its profitability. There can be no assurance that the Group will be able to maintain the current percentage of vehicles covered by buy-back agreement in its rental fleet or that the same level of fleet-management flexibility will be maintained in the future, which could have a material adverse effect on the Group's results of operations and financial position.

2.2.5 Risk related to manufacturer recall campaigns

Vehicles in the Group's fleet may be subject to recalls by their manufacturers. Under certain circumstances, recalls may cause the Group to attempt to retrieve rented vehicles from customers or to decline to rent available vehicles until the steps described in the recalls can be applied. If a large number of vehicles are the subject of simultaneous recalls, or if the necessary replacement parts are not in adequate supply, the Group may struggle to serve its customers for a period of several months. The Group could also potentially face liability claims if recalls concern vehicles that it has already re-sold. Depending on their number and severity, recalls could materially adversely affect the Group's revenue, reduce the residual value of the vehicles involved, create customer service problems and harm the Group's general reputation and the consumer's view of the Group's brand.

2.2.6 Risks related to the contractual relationships with certain key partners and distribution channels

In the leisure segment, the Group relies on a number of targeted partnerships and distribution channels, which generate significant rental revenue and accounted for 45.8% of its vehicle rental reservations in 2017 (for more information on the Group's partnerships in the leisure segment, see Section 1.6.4.2 "*Leisure customers*" of this Registration Document and, in particular, the paragraph "*Partnerships to reach leisure customers*").

In the Business segment, the Group also has numerous exclusive or non-exclusive contracts with large corporations, which cumulatively generate a substantial portion of the Group's consolidated revenue.

The loss of certain of these partnerships, distribution channels or contracts, unfavorable changes in their terms, including commission schedules or financial arrangements, the potential termination of certain of these contracts (a certain number of which may be terminated at any time by partners), a reduction in the volume of sales from certain partners or channels, or a party's inability to process and communicate reservations to the Group could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.7 Risks related to contractual relationships with certain key suppliers in addition to car manufacturers

The Group has a number of contractual agreements with suppliers other than car manufacturers, in particular insurance providers, information technology suppliers and call center suppliers. The Group relies mainly on AIG and Allianz (see Section 2.4.2 "*Risks related to liabilities and insurances*" and Section 2.6.3 "*Insurances*" of this Registration Document). The Group also has important relationships with several suppliers of software and services that it uses to operate its systems manage reservations and its fleet and provide certain customer services. The Group has outsourced a number of its call centers and is reliant on such suppliers with respect to a significant portion of its calls from customers.

The suppliers on which the Group relies may be unwilling to extend contracts under terms that are favorable to the Group, or they may seek to renegotiate existing contracts with the Group. The Group cannot guarantee that the suppliers on which it relies will properly provide the services and products it needs for the operation of its business or will provide such services on competitive terms. The occurrence of any of these risks may create operational problems, damage the Group's reputation, result in the loss of customers and have a material adverse effect on the Group's business, results of operation and financial position.

2.2.8 Risks related to contractual relationships with franchisees, agents and affiliates

Franchise fees from franchisees represented €51.3 million for the fiscal year ended December 31, 2017.

For the contracts in force in 2017 and 2018, in addition to an entrance fee, when franchisees renew their contracts, they pay a fee for the exclusive use of the brands determined and held by the Group for a given territory defined in their contracts. The franchisees also pay to the Group a reservation fee depending on the distribution channel used, as well as royalties equal to a percentage of the revenue generated by their vehicle rental operations with a guaranteed minimum.

In 2016, the Group completed a comprehensive review of its Europcar and InterRent franchise contracts in order to roll out new Group projects. In the new franchise contract model, additional remuneration streams to those mentioned above are provided for, depending on additional services, particularly in IT, marketing, specific training, which may be taken up by the franchises and should come on-stream in 2018. In 2018, the Group will further review its franchise contracts by initiating a review of the models previously proposed by the recently acquired companies Buchbinder and Goldcar.

The new models of franchise contract have been proposed above since 2016 upon renewal of the franchise contracts covering the Europcar and InterRent brands and to each new entity wishing to join our networks. 27 contracts have been renewed and/or signed for the Europcar brand in 2017 and approximately 21 contracts should be renewed in 2018, 19 in 2019, 26 in 2020, 10 in 2021, and 32 in 2022. One new contract was signed for the InterRent brand in 2016, 1 contract was renewed in 2017, while 18 should be renewed in 2018, 9 in 2019, and 7 in 2022.

The Buchbinder network comprises 12 franchisees. The Goldcar network consists of 15 franchisees.

The Group cannot guarantee that all of its franchise contracts will be renewed or renewed according to the terms and conditions proposed by the Company in the new franchise contract. The Group may lose franchisees to competing networks who may offer more favorable terms and conditions. If one or more of the Group's franchisees were to leave the Group's networks, the geographic coverage could be reduced; if the Group is unable to secure agreements with replacement franchisees at terms and conditions that are at least equally favorable, the Group's profitability and outlook could be materially adversely affected. The loss of certain franchisees could also weaken the Group's brands. The Group also operates certain rental stations through agents in its Corporate Countries. From time to time the validity or enforceability of certain terms and provisions of these agency agreements have been and may in the future be challenged by the Group's agents or third parties. To the extent a court or regulatory authority were to find a term or provision to be invalid or unenforceable and if such finding were determined to be applicable to all of the Group's agency agreements in a particular jurisdiction, the Group's results of operations could be materially adversely affected.

The Group also has a network of affiliates operating under the Brunel brand. New contracts are currently being reviewed. The Group cannot guarantee that all the members of its network of affiliates will remain within the network of drivers, thus reducing the geographic coverage of its services and the related revenue. Furthermore, the Group faces risks concerning these actions or omissions of its franchisees, agents and affiliates (for further information, see Section 2.2.1 "*Risks related to the Group's ability to develop and maintain favorable brand recognition*" and, for management of the operating characteristics of the franchisees' business, see Section 1.6.6.3 "*The Group franchise department*" of this Registration Document).

2.2.9 Risks related to the deployment of the Group's strategy

The Group's strategy depends in part on its ability to continue to expand into geographic areas where the Group has little experience and where competitive pressures, particularly on prices, may be substantial. It also depends on its ability to identify and successfully exploit opportunities in the changing mobility solutions markets and more generally to adapt its commercial strategy to evolving customer preferences and customer mix in its existing markets. The Group has a global presence in over 133 countries and territories (directly and through franchises, agents and partnerships) and may expand into additional countries in connection with its development strategy, including into emerging markets in Asia, Africa, Latin America and Eastern Europe (for more information on the Group's development strategy, see Section 1.4 "*Strategy*" of this Registration Document). The gradual harmonization of the different internal control procedures across the various corporate countries could be a source of difficulties and slow down the deployment of the Group's strategy (see Section 2.6 "*Internal control and risk management procedures*" of this Registration Document). The difficulties relate to maintaining a company culture as the Group expands and the disparity of approaches to governance may limit the Group's ability to successfully penetrate new markets. Operations in emerging markets are also inherently subject to higher economic, political and legal risks than in more mature markets.

The Group's forays into new markets or market segments may take the form of franchise arrangements in line with the Group's traditional approach, a joint venture or partnership with another company, or the acquisition of an existing business. However, the Group may not be successful in identifying appropriate opportunities, potential franchisees, joint venture partners, alliances or agents, or in entering into agreements with them. The Group's partners may also have economic or business interests or goals that are inconsistent with the Group's or they may be unable or unwilling to fulfill their obligations under the joint venture or other agreements. Furthermore, they may benefit from knowledge acquired under these joint venture agreements. In addition, certain of the Group's debt instruments place certain limitations on the Group's ability to make acquisitions, enter into joint ventures or other partnership arrangements (see Section 3.2 "*The Group's Liquidity and Capital Resources*" of this Registration Document).

In the event that the Group chooses to expand by means of new franchise agreements, the Group could face additional risks, including (i) possible conflicts of interests with the new franchisees, (ii) lack of expertise in local franchise laws, (iii) unfavorable commercial terms, (iv) the Group's difficulty in maintaining uniform standards, control procedures and policies, and (v) the possible failures of a franchisee to fulfill its contractual obligations. An expansion into new markets or customer segments through a new franchise agreement could also involve a significant amount of management time, potentially disrupting ongoing business.

In the course of deploying its strategy and making new acquisitions, the Group may not succeed in identifying the right targets at an acceptable price and terms, or it could be blocked by competition from other potential buyers. The Group may have to face high integration costs, delays, or other financial and operational difficulties when seeking to integrate the companies acquired. If the Group was not able to successfully integrate one or more acquired companies, while keeping the key customer contracts and key personnel of these companies, it could not guarantee that the acquisition in question would produce the expected synergies, including synergies related to the fleet. The success of these acquisitions will also depend on the Group's ability to effectively capitalize on the expertise of the integrated companies in order to optimize its drive for growth.

Furthermore, the Group cannot guarantee that, following their integration into the Group, the acquired companies will generate the desired cash flows. Before any acquisition, the Group conducts evaluations taking into account a certain number of estimates and assumptions concerning the growth, profitability and valuation of the company whose acquisition is envisaged. The actual figures may clearly differ from the results originally expected according to the evaluations.

Furthermore, the completion of certain acquisitions could trigger, or lead to the triggering of, change of control clauses contained in some contracts to which the acquired companies are a party, which could in turn lead to the early termination of these agreements and have adverse consequences on the Group's business and future results.

The accounting costs of the acquisitions could affect the Group's financial position and operational results. In addition, the financing of any significant acquisition may result in changes in the Group's capital structure, including the incurrence of additional indebtedness. The Group may not be successful in addressing these risks or any other problems encountered in connection with any acquisitions.

The occurrence of adverse events, disputes or unforeseen legal obligations, including disputes arising from the acquisition and/or in relation to any of the businesses that the Group might acquire without having the certainty of obtaining a satisfactory compensation from the sellers would have a materially adverse effect on the Group's operating results, financial position and outlook.

Any one of these factors could result in delays in implementation of the Group's growth strategy, increased costs or decreases in the amount of expected revenues related to the expansion and have a material adverse effect on the Group's results of operations, financial position and prospects.

2.2.10 Risks related to personnel costs

The Group's financial performance is affected by trends in wage levels and benefits granted to personnel. The Group has a substantial number of employees who are paid wage rates at or slightly above the statutory minimum wage. If statutory minimum wage rates increase in one or more countries in which the Group directly operates, the Group would then be required to increase the wages of its employees in order to meet the minimum wage requirements, and impacting also wages paid to employees whose wage rates are slightly above minimum wage. A shortage of qualified employees also could require the Group to increase wages and benefit offerings in order to compete effectively in the hiring and retention of qualified employees or to retain more expensive temporary employees. Due to competitive conditions in the Group's business, any such increases in labor and benefits costs could be difficult for the Group to recover through contemporaneous price increases, and there can be no assurance that the Group would be able to absorb such cost increases through efforts to increase efficiencies in other areas of its operations. For the fiscal year ended December 31, 2017, the Group's personnel costs totaled €404.7 million (or 19.1% of the Group's total operating expenses for the year). Accordingly, increased labor and relating charges, particularly in Germany, France and the United Kingdom, where the Group has more employees, could have a material adverse effect on the Group's results of operations and financial position.

2.2.11 Risks related to the Group's ability to retain the members of its senior management team and retain and attract key personnel and highly-qualified staff

The Group relies on a number of key employees, both in the Group's management and the Group's operations, with specialized skills and extensive experience in their respective fields. The Group believes that the growth and success of its business will depend on the Group's ability to attract highly skilled and qualified personnel with specialized know-how in the vehicle rental and mobility solutions industry. The Group's senior management team has extensive experience in the markets in which the Group operates, and the Group's success depends to a significant degree upon the continued contributions of that team. If the Group were to lose any members of its senior management team, the Group's ability to successfully implement its business strategy, financial plans, marketing and other objectives, could be significantly affected. In January 2018, the Group put in place a succession plan for the members of the Management Board and the Group Executive Committee, which was presented to the Supervisory Board on January 15, 2018 on the recommendation of the Compensation and Nominations Committee. However, the Group might find itself unable to implement such a plan, thus compromising its ability to maintain complete continuity of key senior management.

While the Group places emphasis on retaining and attracting talented personnel and invests in extensive training and development of its employees, there can be no assurance that the Group will be able to retain or hire personnel with equivalent expertise.

2.2.12 Risks related to the ability of the Group to prevent failure or unavailability of the Group's centralized information systems to pursue new information technology developments

The Group relies heavily on information systems to record reservations, process rental and sales transactions, manage its fleets of vehicles, account for its activities and otherwise conduct its business. The Group has centralized its Information Systems and relies on communications service providers to link its systems with the business locations these systems serve (see Section 1.6.9 "*IT System*" of this Registration Document). A major failure of IT or other systems, or a major disruption of communications between the system and the locations it serves, could cause a loss of reservations, slow rental and sales processes, interfere with the Group's ability to manage its fleet and otherwise materially adversely affect its ability to manage its business effectively. The Group's systems design and business continuity plans may not be sufficient to appropriately respond to any such failure or disruption.

In addition, to achieve its strategic objectives and remain competitive, the Group must continue to develop and enhance its information systems in order to meet market needs and keep pace with new information technology developments. This may require investment in and development of new proprietary software or other technology, the acquisition of equipment and software, or upgrades to the Group's existing systems. The Group has invested in its information systems, including under its transformation program (with IT development expenses excluding software and hardware of €24.9 million in 2017), but no assurance can be given that the Group will be able to anticipate such developments or have the resources to acquire, design, develop, implement or utilize, in a cost-effective manner, information systems that provide the capabilities necessary for the Group to compete effectively. In addition, regulatory changes may require the Group to bring its IT system to applicable standards, which may entail significant costs. Any failure to adapt to technological developments could have an adverse effect on the Group's business, results of operations and financial position.

2.2.13 Risks related to the Group's potential failure to protect customer data against security breaches and cyber-attacks

The Group's systems regularly possess, store and handle customer data, including personal data concerning millions of individuals and non-public data concerning many businesses. Failure by the Group to maintain the security of the data it holds or the integrity of its systems, whether as the result of the Group's own error or the malfeasance, errors, malicious acts of others, could harm the Group's reputation and give rise to significant liabilities. Third parties may have the technology or expertise to breach the security measures put in place by the Group to protect customer transaction data. The Group's security measures may not prevent security breaches that could result in temporary interruptions to the service concerned or a temporary interruption to the operations of the Group entity targeted in the attack, and likely to cause substantial harm to its business and results of operations and damage to its reputation. The Group intends to rely on encryption and/or authentication technology licensed from third parties to securely transmit sensitive data, including credit card numbers. However, advances in technology, new discoveries in the field of cryptography, or other developments may compromise or affect the effectiveness of the technology the Group uses to protect customer transaction data. In addition, anyone who is able to circumvent the Group's security measures could misappropriate proprietary information or cause interruptions in the Group's operations (see Section 1.6.9 "*IT System*" of this Registration Document for further information on the Group's IT system).

In addition, the payment card industry ("PCI") imposes strict customer credit card data security standards to insure that the Group's customers' credit card information is protected. Failure to meet the PCI data security standards could result in substantial increased fees to credit card companies, other liabilities and/or loss of the right to collect credit card payments.

Any failure to protect customer data, or any security incident resulting in a breach of the Company's IT data by third parties, could damage the Group's reputation and brand or result in administrative investigations or material civil or criminal liability, which would substantially harm the Group's business, results of operations and financial position.

2.2.14 Risks related to the Group's potential failure to detect fraud

The scale and nature of the Group's businesses expose it to the risk of numerous frauds, which could adversely affect its results of operations, its financial position and harm its image. The Group may be exposed to various types of fraud, targeting it directly or targeting its customers. Furthermore, with the increasing complexity of technology and the accelerated rate of new service introductions or new applications related, in particular, to billing and customer relations management, new types of fraud that are more difficult to detect or counter could also develop. In the event of such occurrence or the failure to detect these new types of fraud, the Group's revenue, results of operations and reputation could be affected.

2.3 RISKS RELATED TO THE STRUCTURE AND FINANCIAL PROFILE

2.3.1 The Company is a holding company whose ability to generate cash comes from its subsidiaries

The Company is a holding company and its principal assets consist of direct and indirect investments in its different subsidiaries that generate the Group's cash flow (see Section 1.8.1 "*Simplified Group Organization Chart*" of this Registration Document). The Company's ability to generate cash to meet its debt service obligations or to pay dividends on its shares is dependent on the earnings and the receipt of funds from its subsidiaries. If the profits of its operating subsidiaries decrease, the Group's profits and cash flow could be affected.

The cash flow of the Group's parent company is primarily derived from dividends, interest and repayments on intra-group loans and asset transfers by its subsidiaries. The ability of the Group's operating subsidiaries to make these payments depends on economic, commercial, contractual, legal and regulatory considerations. Any potential decrease in profits, or potential failure by the Group's subsidiaries to make payments to other Group subsidiaries or to the Company could have a material adverse effect on the ability of the subsidiaries or the Company to repay their debt and meet other obligations, which could have a material adverse effect on the Group's business, results of operations and financial position.

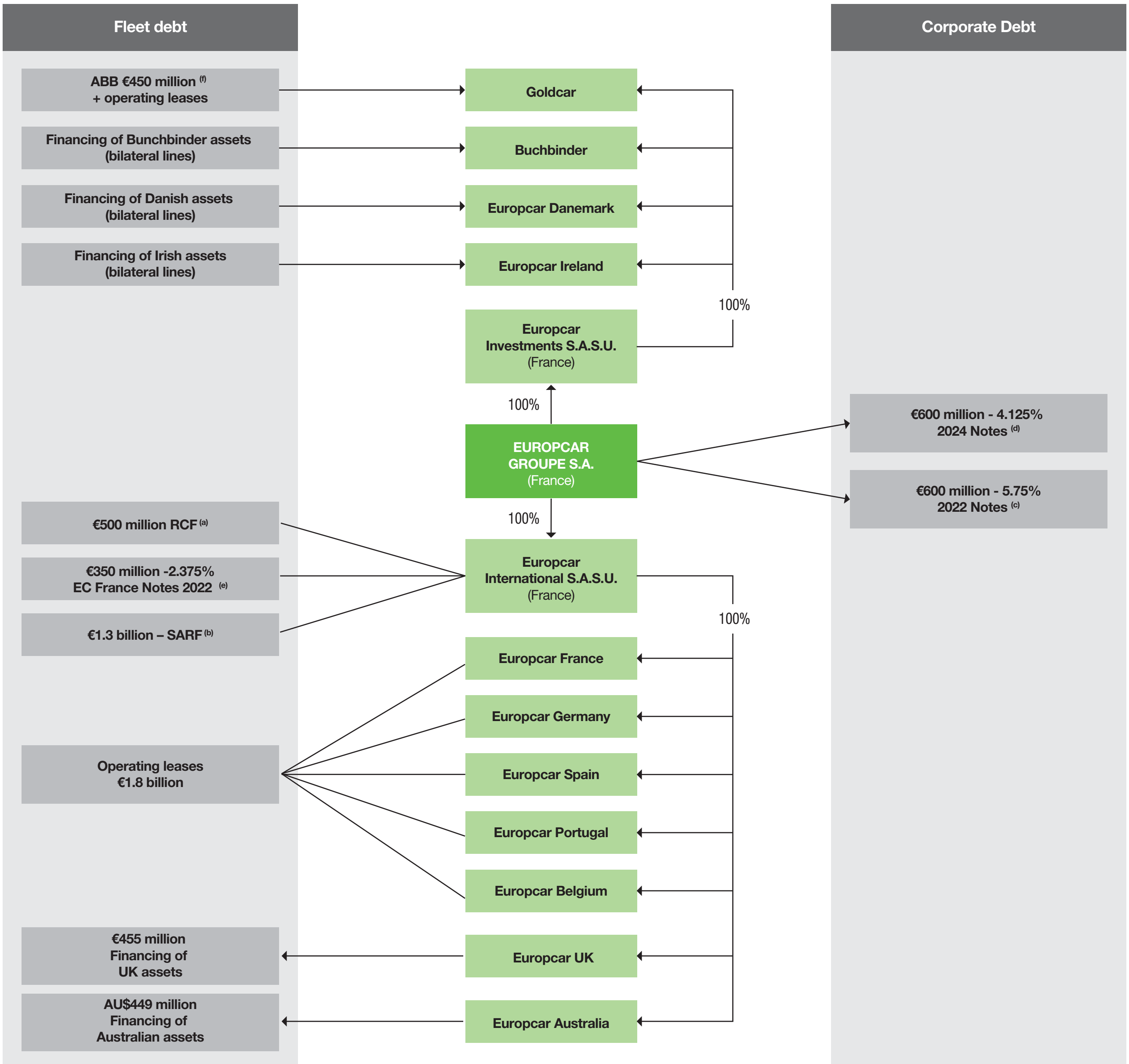
2.3.2 Risks related to the Group's substantial indebtedness

The financing is described in Section 3.2.1 "*General Overview*" of this Registration Document.

As of December 31, 2017, the Group's total consolidated financial liabilities stood at €3,520.4 million (€2,177.7 million as of December 31, 2016). The Group has also entered into off-balance sheet commitments under operating lease financing arrangements, whose outstanding amount is estimated at €1,773.7 million at December 31, 2017 (compared with €1,460.5 million as of December 31, 2016). See Section 3.2 "*The Group's Liquidity and Capital Resources*" of this Registration Document for more information on the Group's debt structure on- and off-balance sheet.

The increase in 2017 of the financial liabilities (on the statement of financial position) for a total of €1,342.7 million is mainly related to the fleet and acquisition debt due to the acquisitions of the Danish franchisee (Europcar Denmark), the Buchbinder group and the Goldcar group. The increase in off-balance sheet commitments of €313.2 million corresponds on the one hand to the increase in fleet debt (operating leases), which enabled the Group to finance the organic growth of the fleet in response to the dynamic growth of the business and the higher rental day volume, and on the other hand to, the integration of the off statement of financial position fleet debt of the entities acquired in 2017 (mainly Buchbinder and Goldcar).

The following chart provides a summarized view of the Group's financial debt structure (including the estimated debt equivalent of operating leases) as of December 31, 2017. Each financing is described in Section 3.2.3.1 "*Corporate Debt*" (for corporate debt) and Section 3.2.3.2 "*Debt Related to Fleet Financing*" (for fleet debt) of this Registration Document.



(a) *The existing Senior Revolving Credit Facility in the amount of €350 million was repaid on July 19, 2017 with the Senior Revolving Credit Facility (RCF) for a maximum principal amount of €500 million. Margin of 2.25% if the leverage ratio (as defined in the terms of the RCF) is lower than 2.0:1.0 or 2.50% if greater than 2.0:1.0.*

(b) *Amendments to the SARF were signed on February 9, 2017 in order to achieve compliance for the securitization program with the new methodology published by the ratings agency Standard & Poor's regarding sovereign risk ('Rating above the sovereign' methodology). Other amendments to the SARF were also signed on August 31, 2017 in order to adjust the concentration limits per manufacturer to take into account the acquisition of Opel by the PSA Group.*

(c) *The 2022 Subordinated Notes were issued on June 10, 2015 for a total principal amount of €475 million. New fungible notes were issued on June 2, 2016 for €125 million, bringing the total principal amount of these Notes to €600 million.*

(d) *New Subordinated Notes due November 2024 were issued on November 2, 2017 for a total principal amount of €600 million, mainly for the financing and refinancing of the acquisitions of Goldcar and Buchbinder.*

(e) *The existing 2021 Notes issued by EC Finance Plc July 31, 2014 were repaid on November 2, 2017 by the issuance of Notes by EC Finance Plc in an amount of €350 million due November 2022.*

(f) *A bridging loan backed by the assets related to the Goldcar fleet was signed and put in place on December 19, 2017 in order to refinance at closing the acquisition of the existing Goldcar debt and enable Goldcar to finance the purchase of new vehicles in Spain, Italy and France for 2018.*

On the total amount of the Group's financial liabilities, the Group believes that the amount relating to fleet financing at December 31, 2017 is approximately €2,430 million. These liabilities are mostly backed or secured by assets, mainly vehicles. They consist of €144 million from the Senior Revolving Credit Facility (RCF) of a total amount of €500 million (Senior Revolving Credit Facility, or RCF), €740 million from the SARF (with a maximum total amount that may reach €1,300 million), £287 million (equivalent to €324 million) from the facilities for fleet financing in the United Kingdom, €350 million issued in the form of Notes covered by the EC Finance plc Senior Subordinated Notes, AUD 141 million (equivalent to €91.7 million [1]) from the facilities for fleet financing in Australia and New Zealand, €241 million from the facilities for partial financing of the Buchbinder fleet debt, and €131.3 million from the facilities for the partial financing of the fleet debt in Portugal, Ireland and Denmark. The Group also finances its vehicle fleet by means of operating lease financing agreements recorded off-balance sheet with an estimated outstanding value of €1,773.7 million [2] as of December 31, 2017.

Furthermore, a significant portion of Group's assets is pledged to secure the consolidated debt referred to above. The SARF and, indirectly, on a second ranking basis, the EC Finance Notes, are secured by the Securitifleet Securities, as defined below under Section 2.3.4 "*Risks related to covenants included in the Group's debt instruments*" of this Registration Document. The Securitifleet Securities includes certain of the shares and assets of the special purpose entities established in the context of the Group's asset-backed financing and controlled by trusts (the "Securitifleet Companies"), to purchase and own vehicles and lease them to the local Europcar operating companies in France, Germany, Italy and Spain including the rental fleets in these jurisdictions, subject to certain exceptions. The Securitifleet Companies benefit from a performance guarantee (in the form of a joint and several guarantees) from Europcar International S.A.S.U. ("ECI"). The EC Finance Notes also benefit from the ECI guarantee and the Company guarantee. The RCF is guaranteed by the shares held in certain subsidiaries (including a senior pledge on ECI shares). The issuance contracts ("Indentures") governing the 2022 Subordinated Notes and the 2024 Subordinated Notes are also subject to a pledge of Europcar International S.A.S.U. shares held by the Company (this security interest being second to the security interest granted to guarantee the RCF).

The Group's substantial indebtedness could have important consequences, in particular:

- requiring the Group to dedicate a substantial portion of the Group's cash flow from operations to payment of the Group's debt, thereby reducing the funds available for (i) working capital, (ii) distributing dividends, (iii) capital expenditures, and (iv) other general corporate purposes such as purchasing and leasing vehicles;
- limiting the Group's flexibility in planning for or reacting to changes in the rental vehicle business;
- placing the Group at a competitive disadvantage compared to any of the Group's competitors that might be less leveraged;
- increasing the Group's vulnerability to both general and industry-specific adverse economic conditions;
- limiting the Group's ability to borrow additional funds and increasing the cost of any such borrowing; and
- restricting the Group from making strategic acquisitions or exploring new business opportunities.

Any of these or other consequences or events could have a material adverse effect on the Group's results of operations and/or financial position.

For further information on the Group's indebtedness, see Section 3.2 "*The Group's Liquidity and Capital Resources*" of this Registration Document.

(1) Based on the exchange rate as of December 31, 2017, i.e. 1 euro for 1,5372 Australian dollars.

(2) The estimated debt financed through operating leases represents the carrying amount of the vehicles concerned. This amount is calculated from the acquisition costs and depreciation rates for the vehicles (on the basis of contracts signed with the manufacturers).

2.3.3 Risks related to the Group's potential inability to continue financing vehicle acquisitions for its fleet

The Group relies significantly on fleet asset-backed financing to purchase vehicles for its domestic and international vehicle rental fleets. Currently, it relies mainly on the SARF, the EC Finance Notes, the Club Facility in the United Kingdom and the asset-backed Goldcar bridging loan. See Section 3.2 "*The Group's Liquidity and Capital Resources*" of this Registration Document.

If the Group's access to asset-backed financing were reduced or the cost of such financing were to increase, the Group may not be able to refinance or replace its existing asset-backed financing or continue to finance new vehicle acquisitions through asset-backed financing on favorable terms, or at all. The Group's asset-backed financing capacity could be decreased, or financing costs could be increased, as a result of risks and contingencies, many of which are beyond the Group's control, including, without limitation:

- requirements by the rating agencies that provide credit ratings for the Group's asset-backed indebtedness to change the terms or structure of the Group's asset-backed financing, including increased credit enhancement (i) in connection with the incurrence of additional or refinancing of existing asset-backed debt, (ii) upon the occurrence of external events, such as changes in general economic and market conditions or deterioration in the credit ratings of the Group's principal vehicle manufacturers, including Volkswagen group, Fiat, Ford, Renault or Peugeot Citroën, or (iii) otherwise;
- the insolvency or deterioration of the financial position of one or more swap counterparties or financial institutions acting in certain capacities under the asset-backed financing of the Group;
- the occurrence of certain events that, under the agreements governing the Group's existing asset-backed financing, could result, among other things, in particular in (i) an amortization event pursuant to which payments of principal and interest on the relevant indebtedness may be accelerated, or (ii) a liquidation event of default pursuant to which the security trustee or relevant creditors would be permitted to require the sale of fleet vehicles that collateralize the asset-backed financing; or
- legal and regulatory changes (including the implementation of the changes expected under Basel III) that have an adverse impact on the Group's asset-backed financing structure.

Any disruption to the Group's ability to continue to finance new vehicle acquisitions through asset-backed financing, or any negative development in the terms of the asset-backed financing available to the Group could cause the Group's cost of financing to increase significantly and have a material adverse effect on the Group's financial position and results of operations. The assets that collateralize the Group's asset-backed financing may not be available to satisfy the claims of the Group's unsecured creditors. The terms of the Group's outstanding indebtedness permit the Group to finance or refinance new vehicle acquisitions through other means, including secured financing that is not limited to the assets of special purpose subsidiaries. The Group may seek in the future to finance or refinance new vehicle acquisitions through such other means. No assurances can be given, however, as to whether such financing will be available, or as to whether the terms of such financing will be comparable to the existing asset-backed financing.

2.3.4 Risks related to covenants included in the Group's debt instruments

The Group and the Group's subsidiaries are subject to restrictive covenants contained in the Group's debt instruments. These covenants restrict, in certain circumstances, the ability of certain of the Group's subsidiaries to make payments to the Group which could, in turn, affect the Group's ability to make payments under the Group's debt instruments. These covenants, however, do not include requirements to maintain a certain rating or any repayment or interest step-up clauses based on a downgrade in the Group's credit rating.

The RCF contract, the issuance contracts ("Indentures") governing the outstanding 2022 Subordinated Notes, the 2024 Subordinated Notes and the EC Finance Notes contain the usual clauses stipulating that any payment default or early redemption concerning overall indebtedness of €50 million or more (in the case of the RCF, the outstanding 2022 Subordinated Notes, the 2024 Subordinated Notes and the EC Finance Notes) of the Company or its subsidiaries also constitutes a case of default under the terms of these contracts. The RCF, the facilities for fleet financing in the United Kingdom and some of its other facilities, namely in Australia/New Zealand and Denmark, also require the Group or some of its subsidiaries to maintain specific financial ratios and satisfy certain financial tests. The Group's ability or the ability of the Group's subsidiaries to satisfy these financial tests can be affected by events beyond the Group's control, and there can be no assurances that the Group or its subsidiaries will satisfy them.

A breach of one of these undertakings, ratios, tests or restrictions may lead to a default under the terms of the RCF contract or the outstanding 2022 Subordinated Notes, the 2024 Subordinated Notes and the EC Finance Notes, or adversely affect the Group's ability to borrow under the terms of the RCF contract or other forms of indebtedness, which could have a materially adverse effect on the Group's ability to conduct its business and make payments pursuant to its debt securities. Upon the occurrence of any event of default under the RCF contract, the lenders thereunder could cancel the availability of the facilities and elect to declare all amounts outstanding thereunder, together with accrued interest, immediately due and payable. If the Group were unable to repay these amounts, the lenders could, subject to the terms of the "Intercreditor Agreement", proceed against the collateral granted to them to secure repayment of these amounts. If the lenders under the terms of the RCF should demand the repayment of these amounts, there is no guarantee that the assets of the Group's subsidiaries would suffice to repay the entirety of these sums or to satisfy all the other Group liabilities that would become due and payable: for further information, see Section 3.2 "*The Group's Liquidity and Capital Resources*" of this Registration Document.

The SARF also includes substantial restrictive covenants applicable to certain of the special purpose entities established in the context of the Group's asset-backed financing, including Securitifleet Holding S.A. ("Securitifleet Holding"), the special purpose entity providing financing for the fleet purchasing and leasing activities of the Securitifleet Companies in France, Italy, Spain and Germany. Failure to satisfy these covenants and conditions could result in a decrease in the advance rate and an increase in the margin under the SARF, or a default thereunder. In addition to customary default provisions, the SARF provides that any acceleration with respect to the Senior Revolving Credit Facility, the Subordinated 2022, Subordinated 2024 Notes, or the EC Subordinated Finance Notes will constitute a "level 2" event of default under the SARF (see Section 3.2 "*The Group's Liquidity and Capital Resources*" of this Registration Document). A breach of any of these covenants, ratios, tests or restrictions could result in an event of default under the SARF or hinder the ability of Group companies to borrow under such facilities. Upon the occurrence of any event of default under the SARF (including as a result of acceleration of the Senior Revolving Credit Facility or the notes of the Group), the lenders thereunder could cancel the availability of the facilities and elect to declare all amounts outstanding under the SARF, together with accrued interest, immediately due and payable.

The bridging loan agreement backed by the Goldcar fleet assets entitled "Asset-Backed Financing Facility Agreement" (ABFA), as described in Paragraph (M) "*Asset-backed Goldcar financing*" in Section 3.2.3.2 "*Debt for fleet financing*", provides for undertakings of a financial nature to be borne by the Goldcar Entities (term defined under Paragraph (M) "*Asset-backed Goldcar financing*" in Section 3.2.3.2 "*Debt for fleet financing*") namely in terms of indebtedness, absence of collective procedure or the ability of the Goldcar Entities to pledge their assets: The ABFA also contains undertakings of an operational nature concerning the rental fleet belonging to the Goldcar Entities, namely in terms of repairs, maintenance and fleet insurance for these vehicles. Certain operational undertakings also relate to the agreements for the acquisition of vehicles by the Goldcar Entities and the contractual requirements that they will contain in the future. Another undertaking concerns compliance with the SPE Criteria for the Goldcar Fleetcos Entities in order to ensure that the Goldcar Fleetcos Entities (term defined in Paragraph (M) "*Asset-backed Goldcar financing*" in Section 3.2.3.2 "*Debt for fleet financing*") are considered to be bankruptcy remoteness. Finally, there is an undertaking related to the ABFA bridging loan concerning the undertaking for the Company to ensure that the vehicles acquired by the Goldcar Entities at the end of the 12 month availability period of the ABFA (meaning at the latest in December 2018) are financed by the SARF.

A breach of one of the undertakings contained in the ABFA, but also in case of default on the financing provided by the 2022 Subordinated Notes, 2024 Subordinated Notes or the SARF may lead to an event of default on the ABFA, as a consequence of which the lender banks may require repayment of the advances granted to the Goldcar Entities and cancel their undertaking concerning the credit facility authorized by the ABFA (as described under Paragraph (M) "Asset-backed Goldcar financing" in Section 3.2.3.2 "*Debt for fleet financing*") and demand the liquidation of the security interests granted by the Goldcar Entities and call on the guarantee granted by the Company to secure the Goldcar Entities' obligations.

With certain exceptions and/or limitations, the payment obligations of each Goldcar Entity under the terms of the ABFA and the Finance Documents in general are secured on the one hand by the setting up of a joint and several guarantee by each Goldcar Entity and ECG in favor of the lender banks and on the other hand by the setting up of certain security interests.

Some securities under Asset-back Goldcar financing have been granted by the Goldcar Entities as described on page 155 of this Registration Document in paragraph (J) "*Asset-backed Goldcar financing*"

The Group's debt instruments include covenants whose aim is to, *inter alia*; limit the ability of the Company and certain of its subsidiaries to:

- incur additional indebtedness;
- pay dividends or make any other distribution;
- make certain payments or investments;
- issue security interests or guarantees;
- sell or transfer assets or shares;
- enter into transactions with affiliated companies; and
- merge or consolidate with other entities.

These limitations are subject to various conditions and exceptions, including the ability to distribute dividends and make investments under certain circumstances. However, these covenants could limit the Group's ability to finance its future operations and capital needs and its ability to pursue business opportunities and activities that may be in its interest. In addition, the Group's ability to comply with the covenants in its debt instruments may be affected by events beyond its control.

The obligations of Securitifleet Holding under the SARF together with its obligations to repay the proceeds borrowed under a proceeds loan between EC Finance plc and Securitifleet Holding (the "Securitifleet Proceeds Loan") (which would allow EC Finance plc to repay the proceeds of the EC Finance Notes) are secured directly or indirectly by shared collateral as described in Section 3.2.3.2 "*Debt Related to Fleet Financing*" of this Registration Document.

2.3.5 Risks related to the Group's ability to generate cash and/or secure financing to fund its indebtedness or foreseeable liquidity requirements

The Group's ability to make payments on and to refinance its debt, to acquire vehicles in its fleet and to fund planned capital and development expenditures or opportunities that may arise, such as acquisitions of other businesses, will depend on its future performance and its ability to generate cash and/or obtain financing, which to a certain extent, are subject to macro-economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this Section, many of which are beyond the Group's control.

There can be no assurances that the Group will generate sufficient cash flows from operations or that future borrowing will be available in an amount sufficient to enable it to pay its debts, or to fund other liquidity needs. If future cash flows from operations and other capital resources are insufficient to pay the Group's obligations as they mature or to fund liquidity needs, the Group may be forced to reduce or delay its business activities and capital expenditures, sell assets, obtain additional debt or equity capital or restructure or refinance all or a portion of its debt. There can be no assurances that the Group would be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of the Group's existing and future indebtedness may limit its ability to pursue any of these alternatives. For a description of the Group's financial liabilities, including financial derivative instruments, by relevant maturity based on the remaining contractual periods as of December 31, 2017, see Note 28 "*Financial Risk Management*" on the liquidity risk of the 2017 consolidated financial statements as set forth in Section 3.4 "*Consolidated financial statements and Statutory Auditors' report for the fiscal year ended December 31, 2017*" of this Registration Document.

The Group believes that it will have sufficient resources to repay or refinance the current portion of its debt and lease obligations and to fund its foreseeable liquidity requirements over a 12-month period from the date of filing this Registration Document. However, as the Group's debt matures, the Group anticipates that it will seek to refinance or otherwise extend its debt instruments' maturities. The Group's ability to invest in its businesses and refinance maturing Notes could require access to the credit and capital markets and sufficient bank credit lines to support cash requirements. The Group may also experience difficulties in obtaining financing in foreign countries for local operations. If the Group is unable to access the credit, securitization and capital markets, the Group could experience a material adverse effect on its liquidity, financial position or results of operations. In addition, the Group's available financing could be decreased, or its financing costs increased, as a result of factors which are beyond its control, including the insolvency, deterioration of the financial position, a change in law or a change in credit policy of one or more of the Group's lenders, certain of which are local or regional lenders.

2.4 REGULATORY AND LEGAL RISKS

2.4.1 Risks related to changes in prevailing legislation and regulations, applicable to the Group's business activities

As it operates in over 133 countries and territories all over the world, the Group is subject to a vast array of international, national and local laws and regulations. See Section 1.6.10 "*Regulations*" of this Registration Document.

The Group has operations (directly or through franchises, agents or partnerships) in over 133 countries and territories and may expand into additional countries in connection with its development strategy. Its presence in numerous different countries exposes the Group to other risks, including: (i) compliance with the legal and regulatory requirements in each country in which it operates, which can be contradictory and changeable, especially concerning regulations in the following areas: taxes, automobile-related liability insurance, consumption, marketing, insurance rates, Insurance products, consumer privacy, data protection, the fight against money laundering and corruption, labor law, cost and fee recovery, price controls and the protection of the Group's brands and other intellectual property rights; (ii) the effect of foreign currency translation, as well as limitations on the Group's ability to repatriate income; (iii) varying tax regimes, including consequences from changes in applicable tax laws; (iv) local ownership or investment requirements, as well as difficulties in obtaining financing in foreign countries for local operations; and (v) potential political and economic instability, labor strikes, natural disasters, war, and terrorism. The occurrence of these risks may, individually or in the aggregate, materially adversely affect the Group's business, results of operations or financial position.

Changes to laws, regulations, case law or any other rules applicable to the Group's activities, as well as, more broadly, any changes in the decision-making process of the competent authorities could give rise to the Group's liability or have a material and unforeseeable impact on its business in France, within the European Union or in other jurisdictions. Changes to laws, regulations or other applicable rules, as well as the review of case law or changes in how it is applied and interpreted could have a significant adverse effect on the Group's operating costs, competitive position or outlook. While the Group keeps track of and monitors the regulations it is subject to, its activities in France or abroad may be in breach of the applicable laws and regulations and give rise to liability. Non-compliance by the Group with the laws and regulations to which it is subject, both in France and abroad, could potentially also lead to different types of sanctions, including the restriction, suspension or ban of certain activities and the imposition of fines, payment of compensation or other penalties. Any of these incidents could have a material adverse effect on the Group, its financial position, results of operations, reputation or prospects. Even if the changes to laws, rules or regulations do not apply directly to the Group, their effects on its customers or partners may have an indirect and material impact on how the Group carries out its business or the associated costs, as well as on the demand for the services the Group supplies.

2.4.1.1 Risks related to compliance with Consumer Protection Regulations

The Group's business and its business practices are highly regulated with respect to consumer protection and any changes in these laws, regulations or their interpretation, in particular in terms of rules related to price transparency, non-discriminatory pricing, unfair terms or misleading advertising, could affect the Group's reputation as well as its business both in terms of logistics and costs, which could have a material adverse effect on the Group's financial position and results of operations. For example, the adoption of regulations affecting or limiting the sale of supplementary insurance or a new interpretation of regulations by the competent authorities could entail a reduction or loss of these revenue sources and have a material adverse effect on the Group's profitability.

The Group's business activities may be subject to actions or investigations in terms of consumer law rights that could adversely affect the Group's business, operating income and financial position. Any breach of consumer legislation may involve the Group's liability to a lesser or greater extent both in the eyes of the consumer authorities and stakeholders who may feel wronged, and this could have repercussions for its reputation, financial position and prospects. Certain Group entities are regularly involved in dialog or more in-depth investigations conducted by the consumer authorities and associations.

Moreover, in the context of the cooperative process between the national authorities of Member States of the European Union that are responsible for applying legislation for the protection of consumers pursuant to regulation EC No. 2006/2004, a dialogue was opened by the European Commission aimed at improving consumer experiences (in particular the transparency and suitability of contractual terms) within the European Union. In this respect, the Group made undertakings to the European Commission during the 2015 fiscal year, including the adoption of new general rental conditions and the clarification of the insurance and contractual guarantee policy in the event of damage caused to the vehicle. In January 2017, the European Commission praised the Group's commitments. Throughout the 2017 fiscal year, the Group continued its discussions with the European Commission and the relevant national authorities to continue improving its practices. If they conclude that the Group has made insufficient changes to its sales policy it could have a material adverse effect on the Company's revenue and results of operations (see paragraph "*Consumer Protection Regulations in the EEA*" under Section 1.6.10.1 "*Consumer Protection Regulations*" of this Registration Document).

Finally, in most jurisdictions in which the Group operates, the Group passes various costs on to its customers, including airport concession fees, as separate fees in connection with vehicle rentals. Nevertheless, the industry may in the future be subject to potential legislative or administrative changes that may limit, constrain and/or prohibit the possibility to indicate, bill and collect these separate fees, which would result in such costs being reallocated back to the Group. If such measures were adopted at the national or European level, they could have a material adverse effect on the Group's revenue, results of operations or prospects.

2.4.1.2 Risks related to compliance with personal data protection regulations

Changes in the regulations for protection of personal data could also have a material adverse effect on the Group's business. European directives and regulations as well as national rules in the various countries where the Group operates restrict the types of data it can collect on people it deals with or wishes to deal with, as well as the way it collects, stores and uses the data that it is allowed to collect. In particular, the future European regulation on the protection of personal data No. 2016/679 of April 27, 2016 that comes into effect on May 25, 2018 (the "GDPR"), calls for a strengthening of information and the rights of those concerned (including through the creation of a right to the portability of personal data), as well as stricter methods for obtaining consent. Certain breaches of the GDPR could lead to fines of up to €20 million or 4% of global annual revenue, whichever is the higher amount.

In addition, the centralized nature of the Group's IT systems requires a regular cross-border flows of customers' and prospects' data beyond the country where it was taken. If this data flow becomes illegal or starts to generate additional infrastructure costs the Group's capacity to serve its customers may be materially affected for an indefinite period. More generally, the GDPR will require the Group to keep detailed documentation of all its personal data flows and processing in order to facilitate any audits by the relevant data protection authorities.

Other legislative changes or bilateral agreements on customer data processing, customer data confidentiality and data security could also have a material adverse effect on the Group's business.

Also, although the Group has in place procedures to keep personal and banking data secure, data theft, piracy of security systems, identity fraud or theft of customers' banking data could have a material adverse effect on the Group's reputation, revenues, results of operations or prospects. In this respect, for the GDPR the Group will be required, under certain conditions, to notify the relevant authorities of its security breaches, and the people concerned.

The imposition of fines or damages which could potentially be payable by the Group as a result of procedures relating to data protection law could have a material adverse effect on the Group's liquidity and financial position, leading it to seek additional financing or resources.

2.4.1.3 Risks related to environmental and health and safety rules

The Group has its own installations for storing petroleum products as well as centers for washing and maintaining vehicles. The Group's businesses are subject to environmental laws and regulations, particularly as regards (i) owning and operating petroleum product storage facilities, *e.g.* gasoline and diesel, and (ii) production, storage, transportation and disposal of waste, including sludge from vehicle washes, waste water and other hazardous substances.

Environmental legislation has progressed significantly in recent years and continues to develop. Public authorities and courts can impose fines or civil or criminal penalties, and order repairs or clean-ups of pollution in the event of non-compliance with environmental regulations. Also, in some cases, the authorities can amend or revoke the Group's operating licenses, which could force it to close down temporarily or permanently the installations in question and pay the resulting costs of closure, maintenance and repair. Bringing the Group into compliance with environmental law and regulations could have an effect on its results of operation and financial position.

Each Group Corporate Country is responsible for ensuring that its storage facilities comply with local regulations in that country in order to ensure that they (i) are properly reported to the competent authorities of the countries in which they are located; and (ii) have been replaced or upgraded to comply with applicable requirements on the detection of leaks and protection against spills, overflows and corrosion. However, there can be no assurance that daily use of these tank systems may not result in leaks which, while insignificant on a daily level, have a cumulative material effect over time.

Furthermore, international law and regulations have historically and will likely continue to contemplate numerous measures related to greenhouse gas emissions and climate change. If rules designed to cap emissions or tax the companies seen as responsible should come into force, it could affect demand for the Group's services and the vehicle fleet and/or other costs could rise with adverse implications for its results of operation and financial position.

The laws, regulations, charters, Ethics Codes and certifications to which the Company subscribes are shown in Section 4 "*Societal, Social and Environmental Information*", of this Registration Document.

2.4.1.4 Risks related to compliance with regulation of franchisees

The Group has national and international franchisees that help the Group achieve wide territorial coverage and contribute to its revenue. Legislative, regulatory, administrative and jurisprudential changes as well as changes in the conditions, application or interpretation of old and recent texts under French law governing such contractual relationships, particularly changes in precedents impacting the content of contracts (through, for example, a legal review of terms and conditions previously negotiated), or limiting the franchiser's ability to cancel franchise contracts (for example, by requiring an indemnity payment in the event of termination), or refusing the renewal or transfer of these agreements, could have a material adverse effect on the Group's business, financial position and results of operations.

Although independent, franchisees must comply with the knowledge requirements and standards defined by the Group, in compliance with the laws and regulations applicable to their business. Non-compliance by franchisees with these rules could have a material adverse effect on the Group's reputation and business in the countries affected.

2.4.2 Risks related to liability and insurance

The Group's business generates significant risk with respect to automobile civil liability. Vehicles from the Group's fleet entrusted to its customers or employees may be involved in cases of physical injury and death or property damage caused to third parties. The Group has purchased an automobile insurance program covering civil liability for bodily injury (including death) and property damage to third parties resulting from the use of its rented vehicles. If the Group were not able to renew its automobile insurance under acceptable commercial terms, or to find alternative and equivalent coverage, it would be unable to rent its vehicles. Historically, automobile insurance premiums calculated per rental day, have both trended upward and downward, reflecting trends in the insurance market and the Group's own loss ratio. The availability and cost of coverage should remain the controlling factors in the future. Furthermore, there are only a limited number of insurers that are prepared to offer multinational automobile insurance programs. For example, the Group has implemented an insurance program in Belgium, France, Germany, Italy, Portugal and the United Kingdom (the "Europrogramme") with AIG Europe Ltd. ("AIG"). There can be no assurance that the Group's insurance premiums will not increase in the future, in particular in countries where signed insurance policies are not profitable for insurance companies.

Historically, a significant share of the Group's exposure to civil liability, in particular automobile civil liability, has remained the Group's responsibility under its insurance policies. As part of the Europrogramme, accidents, or the share of accidents related to automobile civil liability, less than or equal to €500,000 per accident are "self-insured" by the Group. In this case, AIG covers third parties, under local insurance policies subscribed to by the Group's subsidiaries, and is then reimbursed by the Group. There can be no assurance that the remaining amount payable by the Group will not significantly increase in the future. Furthermore, with respect to insured risks, there can be no assurance that current or future liability claims will not exceed the Group insurance policy levels. The occurrence of such an event could have a material adverse effect on the Group financial position. See Section 2.6 "*Internal Control and Risk Management Procedures*" of this Registration Document.

Moreover, the Group bears the risk of damages to vehicles it owns and to its business beyond its automobile fleet. The Group has decided not to purchase an insurance policy against these risks. Over the long run, the Group considers that insuring property damage to its fleet and theft of vehicles would be greater than or equal to actual costs of damages and theft. Nevertheless, there can be no assurance that the Group will not be exposed to non-insured damages from asset-related risks, whose levels may be greater than historical levels, and which could have a material adverse effect on the Group's financial position and results of operations. See Section 2.6 "*Internal Control and Risk Management Procedures*" of this Registration Document.

2.4.3 Risks related to the protection of intellectual property rights

The Group's business and its future growth depend on its ability to obtain, maintain and protect its trademarks, domain names, "GreenWay®" technology (see Section 1.6.9.1 "*The GreenWay® System*" of this Registration Document) and other intellectual property rights. The Group grants operating licenses of its trademarks and other intellectual property rights (including those it uses under licenses) to its franchises, agents and service providers (see Section 1.9.2 "*Intellectual Property, Licenses, Usage Rights, and Other Intangible Assets*" of this Registration Document). The Group, its franchisees, agents, affiliates or service providers may not be able to adequately protect these trademarks and other intellectual property rights against challenges to their validity, violations and abusive use by third parties, in particular in markets in which the Group has not been active in the past.

Furthermore, certain intellectual property rights that the Group uses were granted to it by partners under reciprocal license agreements under which Europcar International S.A.S.U. is granted an exclusive license on certain brands in countries where the Group operates or has a franchise, excluding countries where the partner operates directly (see Section 1.9.2 "*Intellectual Property, Licenses, Usage Rights, and Other Intangible Assets*" of this Registration Document). An inability to continue using these intellectual property rights could have a material adverse effect on the Group's business. Moreover, the Group relies on this third party to take adequate measures in order to protect and enforce its intellectual property rights, which it has granted to the Group under a license. It is also possible that disputes arise as part of the Group's use of trademarks subject to licenses, particularly when the interests of the licensor and those of the Group diverge as market conditions change. The Group may be ordered to pay significant damages and interest, discontinue the sale of services violating the intellectual property rights in question and incur additional expenses to sign, where applicable, licenses allowing it to use the disputed intellectual property rights.

Similarly, any material violation of the Group's intellectual property rights could entail disputes, which may also result in costs and commercial uncertainty for the Group.

Any of these incidents could have a material adverse effect on the Group, its financial position, results of operations or prospects.

2.4.4 Risks related to regulatory, legal and arbitration proceedings

In the ordinary course of its business, the Group is involved or at risk of being involved in a certain number of regulatory, legal or arbitration proceedings, the more significant of which are described in Section 2.9 "*Regulatory, Legal and Arbitration Proceedings*" of this Registration Document. In certain of these proceedings, claims of a significant amount have been made against companies of the Group or are likely to be made individually or jointly and sanctions, in particular administrative ones, could be imposed on companies of the Group. If any, the imposition of sanctions on companies of the Group could have a material adverse effect on the Group's business, its financial position, results of operations and prospects. In addition, any provisions recorded by companies of the Group, with respect to regulatory, legal and arbitration proceedings in its financial statements could be insufficient (for a description of these disputes, see Section 2.9 "*Regulatory, Legal and Arbitration Proceedings*" of this Registration Document), which could have a material adverse effect on the Group's business, results, financial position, liquidity or prospects, independently of the claim's underlying validity.

2.4.5 Risks related to competition law

The Group's activities may be subject to legal action or investigations with respect to competition, marketing practices and price setting, which could impact the Group's business, results of operations and financial position. The Group could be held liable for any failure to comply with competition law, either directly or indirectly (including because of a failure by one of the Group's agents, franchisees or partners) by both the competition authorities and the injured parties, which could result in significant negative consequences for the Group, particularly with respect to its reputation, financial position or prospects. Certain Group entities are subject to investigations by different administrative authorities relating to competition law and/or marketing practices and price setting.

On February 27, 2017 the French Competition Authority dismissed proceedings related to the car rental sector, deeming that the practices alleged by the plaintiffs had not been established.

The provision of €45 million, recognized as at December 31, 2015 in non-recurring expenses, had been maintained at December 31, 2016 and was reversed during the first half of 2017.

The imposition of fines or damages which could potentially be payable by the Group as a result of procedures relating to competition law could have a material adverse effect on the Group's liquidity and financial position, leading it to seek additional financing or resources.

2.5 FINANCIAL RISKS

The Group, through its business activities, is exposed to various financial risks: market risk (especially foreign exchange and interest rates), credit risk, pricing risk and liquidity risk. The Group's overall risk management program seeks to mitigate the potential negative impacts of volatility in the financial markets on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group Treasury Department is responsible for risk management, and submits its proposals for financial transactions for approval by the Management Board in accordance with the Company bylaws and internal procedure rules. The Group does not use derivative financial instruments for any purpose other than managing its exposure. All hedging operations are either coordinated or carried out by Group Treasury.

The Group continuously assesses the financial risks identified (including market risk, credit risk and liquidity risk) and documents its exposure in its consolidated financial statements. In view of the significant changes in the scope of consolidation that occurred in 2017, related to the acquisitions of Goldcar and Buchbinder, mainly in 2018 the Group will adjust its risk limitation policy, in order to protect itself against any rise in interest rates. A detailed analysis of these risks can be found in Note 28 "Financial Risk Management" as set forth in Section 3.4 "*Consolidated financial statements and Statutory Auditors' report on the fiscal year ended December 31, 2017*".

Although the Group reports its results in euro, the Group conducts business in countries that use currencies other than the euro, and the Group is therefore subject to risks associated with currency fluctuations. Of the Group's total consolidated revenue for the fiscal year ended December 31, 2017, 7.2% was generated outside the Eurozone.

The Group's results of operations may be affected by both foreign currency translation effects and by exchange rate fluctuations. The Group is exposed to translation effects when one of the Group's subsidiaries incurs costs or earns revenue in a currency that is different from its functional currency. The Group is exposed to currency fluctuations when the Group converts currencies that the Group may receive from its operations into the currencies required to pay the Group's debt, or into currencies which the Group uses to purchase vehicles, incur fixed costs or pay for services. Such transactions could result in a gain or loss depending on fluctuations in exchange rates.

The Group's results are also exposed to foreign currency translation risk as its sales in several countries are invoiced in currencies other than the euro while its consolidated revenue is reported in euro. Therefore, the Group's financial results in any given period are materially affected by fluctuations in the value of the euro relative to the British pound, Australian dollar, the Danish krone and other currencies. Implementation of Brexit could cause further volatility in the euro British pound exchange rate in the future. Currency fluctuations may make it difficult for the Group to predict and/or provide guidance on the Group's results. If the value of the euro declines against currencies in which the Group's obligations are denominated or increases against currencies in which the Group's revenue is denominated, the Group's results of operations and financial position could be materially adversely affected.

See Note 28 "*Financial risk management – Market risk – Foreign exchange risk*" in Section 3.4 "*Consolidated financial statements and Statutory Auditors' report for the fiscal year ended December 31, 2017*" of this Registration Document.

2.6 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

2.6.1 Risk management structure

Risk management relates to measures implemented by the Group to identify and analyze the risks to which it is exposed in the ordinary course of business. Risk management is considered a priority by the Group's management and is closely followed by the Group Internal Audit Department and the Insurance team (for insurable risks). The Group's internal control and risk management procedures are based on a set of measures, policies, procedures, behaviors and customized actions aiming to ensure that the necessary measures are taken to:

- ensure the efficiency of operations and the efficient use of resources; and
- identify, analyze and control risks that could have a material effect on the Group's assets, results, operations or achievement of its objectives, whether they are operating, commercial, legal or financial or related to compliance with laws and regulations.

The Group's risk management and internal control process is monitored by the Supervisory Board through the Audit Committee. The Audit Committee ensures the relevance, reliability and implementation of internal control procedures and identification, hedging and management of the Group's risks in relation to its activities as well as accounting and financial information.

Controlling risk exposure in each country in which the Group's companies operate depends on local management teams, who are as close as possible to the risks related to the activities they exercise or supervise.

2.6.2 Main risk management procedures

Group's risk map

The Group Internal Audit Department regularly updates the risk map for the Group and its subsidiaries. The risk map is presented to the Audit Committee and to the Management Board, which studies it and examines the actions and specific monitoring of certain risks.

The risk identification process relies on a three-step methodology:

- identifying the main risks through interviews with high-ranking Group executives and other key staff within the Group in order to identify the risks to which their scope of consolidation is exposed. These interviews are carried out by the Group Internal Audit Department;
- qualifying and quantifying risks: once these risks are identified, a ranking is established based on the estimated impact of each risk and the likelihood of its occurrence. Risks identified as having severe impacts and a strong probability of occurring are mapped as "highly critical". Conversely, risks identified as having little impact and a weak probability of occurring are mapped as "moderately critical". The resulting map obtained for a given year (i) provides a comparative tool with the previous year's map, and helps in understanding the development of risks to which the Group is exposed. (ii) allows the Group to set up a dashboard with the estimated degree of control of each of the identified risks and to identify those that must be dealt with in priority, as well as to ensure that internal control is adequate to prevent and detect them;
- reviewing and validating the risk map by the Management Board and presenting it to the Audit Committee.

As part of this process, the Group risk map was thoroughly updated during the second half 2017, both for its content and execution: complete update of the Group risk model and the allocation of risk owners, enlargement of the panel of managers involved in the formal mapping process, precise quantification of risks, refocusing of the action plans on the Group's 20 key risks, active involvement of the Group Executive Committee throughout the process. This effort will continue into 2018 with the preparation and monitoring of specific risk maps for information security and compliance issues, risks in the stations and fraud.

Risk monitoring and action plans

Depending on the principal risks identified, the concerned departments draw up action plans to be carried out by the local managers of the departments in question. The Group Internal Audit Department is working on implementing tools and processes for better and more formal monitoring of the action plans.

The risk map also helps to update the audit plan, in particular on topics that are identified as requiring increased supervision.

Monitoring the financial risks related to the effects of climate change

Article L. 225-37, paragraph 6, of the French Commercial Code, as amended by law No. 2015-992 of August 17, 2015 relating to energy transition for green growth, stipulates that starting in fiscal years ending December 31, 2016, the Group's report must cover "the financial risks related to the effects of climate change and the measures taken by the Company to reduce these risks by implementing a Low Carbon strategy in all areas of its business."

Chapters 2 and 4 of this Registration Document on societal, social and environmental information include all of the information required by law. They can be summarized as follows:

- the Group has implemented a comprehensive CSR governance and organization, under the authority of the CSR Director, which covers all of the Group's operations (see Section 4.1.2 "*CSR Organization and Governance*" of this Registration Document);
- the Group's business is highly sensitive to the seasons and climate conditions. This risk, as well as the control mechanisms implemented by the Group, is described in Section 2.1.4 "*Risks related to the highly seasonal nature and sensitivity to weather conditions of the vehicle rental industry*" of this Registration Document;
- the vehicle rental business has limited sensitivity to the financial risks related to the effects of climate change. In fact, since 2016 the Group has initiated a comprehensive Low Carbon strategy, described in Section 4.4 "*Europcar, actor in the fight against climate change*" of this Registration Document. This strategy maintains a minimal carbon imprint from all of the emissions related to the Group's direct business and promotes the smallest carbon imprint possible from the Group's customers through a set of concrete and measurable actions, such as advocating economic driving and offering a fleet using the latest technologies, always more oil and fuel efficient and with better GHG emissions performance;
- even though the Group complies with all the laws and regulations to which it is subject, Section 2.4.1.3 "*Risks related to environmental and health and safety rules*" of this Registration Document notes that "international law and regulations" have historically and will likely continue to contemplate numerous measures related to greenhouse gas emissions and climate change. If rules designed to cap emissions or tax the companies seen as responsible should come into force, it could affect demand for the Group's services and the vehicle fleet and/or other costs could rise with adverse implications for its results of operation and financial position.

2.6.3 Insurance

In the course of its business activities, the Group is exposed to three main categories of risk requiring insurance coverage: (i) automobile-related civil liability, (ii) damage to property (vehicles owned by the Group) and (iii) the risks related to its business activities (excluding the automobile fleet).

A Dedicated Insurance and Risk Management Department oversees in a centralized manner the insurance strategy of the Group's fleet as well as the other business related risks management processes. This centralized management is carried out in connection with dedicated personnel located in each Corporate Country. The Group does not manage insurance covering its franchises, which remains their own responsibility in accordance with the terms of the standard franchise contracts implemented by the Group.

In the context of external growth, the Group is required to analyze the insurance coverage in the companies it acquires, ensure that the risk management and insurance strategy is adequate and that all the necessary insurance policies required for the business are in place. When insufficient guarantees are identified in a newly acquired entity, it may take several months before adequate insurance policies in compliance with the Group's risk management strategy become effective for the recently acquired entity.

In countries in which the Group operates, it is generally required by liability laws to purchase insurance covering its risks related to motor liability against bodily injury and accidental death or property damage caused by its customers to third parties and resulting from the use of its vehicles, whether they are owned, rented or loaned. If these vehicles are not insured by the Group, they cannot be put into circulation. As a result, coverage of the Group's motor vehicle liability is critical for the running of its business.

2.6.3.1 Motor vehicle liability

Europrogramme (Belgium, France, Germany, Italy, Portugal and the United Kingdom)

To address the risk of its motor liability, the Group has implemented an insurance program in Belgium, France, Germany, Italy, Portugal and the United Kingdom, the "Europrogramme". Europrogramme is a corporate insurance program allowing each subsidiary operating in each country participating in the program to benefit from motor vehicle liability insurance from its local AIG Europe Ltd. ("AIG") branch, established in the country in which the subsidiary operates.

Under the Europrogramme, third party claims or the share of third party claims related to motor liability less than or equal to €500,000 per accident are "self-financed". In this case, AIG covers third parties, under local insurance policies purchased by the Group's subsidiaries, and then recovers sums up to the amount of €500,000, according to the relevant subsidiary, by:

(i) Euroguard Cell 0, acting as deductible fund manager on behalf of Europcar Belgium, France, Italy and Portugal, up to a maximum of €500, 000 per accident and within an annual aggregate limit actuarially set each year by country, in accordance with the Deductible Funding Agreement (DFA);

(ii) Europcar Germany, up to a maximum of €100,000 per claim, and Europcar UK up to a maximum of €500,000 per claim, according to Loss Reimbursement Agreements (LRA);

(iii) Euroguard Cell 9, the Group's reinsurance captive within Euroguard Protected Cell (PCC), a company separate from the Group, intervenes in order to cover:

- **a.** a line of €400,000 in excess of €100,000 per claim for Europcar Germany claims;
- **b.** the part of the claims under €500,000 in excess of the annual aggregate limit for the DFA of Belgium, France, Italy and Portugal.

The share of claims triggering the Group's motor vehicle liability that exceeds the threshold of €500,000 per claim is transferred to AIG. The maximum coverage limit provided for by the insurance policy, including the amount of €500,000 per claim that is the Group's responsibility as described above, stands at a total of at least €100 million per member country of the Europrogramme, £85 million in the United Kingdom and, may, in certain countries, exceed this amount when required by local legislation.

For the fiscal year ended December 31, 2017, the estimated total cost of the Europrogramme was €97.3 million. The insurance policies comprising the Europrogramme were renewed as from January 1, 2016 for three years ahead of the original expiry date of December 31, 2016, on more favorable terms than those struck in 2014. This new long-term agreement, which took effect on January 1, 2016, defines the general framework of the Europrogramme and its annual renewal conditions, in particular the factors that determine the amount of premiums and fees payable by the Group for each year of the program.

Spain

Europcar Spain's motor vehicle liability is not covered within the Europrogramme. Since January 1, 2009, it has been insured through a standard risk transfer policy purchased from Allianz Spain. This insurance policy was renewed as of January 1, 2017 for a period of three years and specifies the amounts of the premiums and fees to be paid by Europcar Spain to benefit from the coverage. The limits of this policy stand at €70 million for bodily injury and €15 million for property damage, which may be increased under certain conditions with additional coverage of €50 million ("voluntary" coverage) for bodily injury, accidental death and property damage. The total cost of the insurance premium for the fiscal year ended December 31, 2017 stood at €12.8 million.

Australia and New Zealand

The motor liability risks to which the Group is exposed as a result of its operations in Australia and New Zealand are covered by the "Third Party Bodily Injury" mandatory regime administered by the State and automatically purchased during a vehicle's registration, combined with an "Own Damages" policy covering the vehicle's market price and a "Third Party Property Damages" policy with a limit of approximately AUD 30 million (or approximately €20.5 million), executed on May 1, 2014 with Allianz for a period of one year and placed with QBE on May 1, 2015, renewed in 2017 and to be renewed again in 2018.

For the year ended December 31, 2017, the total cost (including the share of "self-financed" risks and premiums) of the Group to cover its risks and mainly its motor liability risk (Europrogramme, Spain, Australia and New Zealand combined) was €128.1 million, of which €97.3 million for the countries being part of the Europrogramme that corresponds to the coverage of accidents "self-financed" by the Group, the insurance premium of the AIG excess layer, claims management fees, administrative and brokerage fees as well as related taxes. In 2017, for Spain the insurance cost to cover in particular motor vehicle liability risk was €12.8 million and for Australia and New Zealand the cost was €0.5 million. The average claims maturing time during which the costs of claims are borne by the Group is approximately three years. Liability insurance is by nature long-tail insurance and the most severe claims may remain active for several years, or even tens of years or more in extreme cases. Motor liability insurance cost, stated on a comparable basis (per rental day) have historically trended both upward and downward, reflecting (i) the cost of the market capacity in terms of motor liability insurance and (ii) the Group's own motor liability claims records, these two factors being significantly influenced by the availability of insurance capacity on the market and increases in property damage claims and especially severe bodily injury claims (cases of death and disability). The Group estimates that these two factors will continue to influence insurance costs in the future.

Ireland

The risks related to motor vehicle liability for Europcar Ireland are covered outside of the Europrogramme, through a local insurance policy with AIG Europe Ltd ("AIG"). This policy is renewed annually and provides for the amount of premiums and fees payable by Europcar Ireland to benefit from this coverage.

Under this policy, AIG indemnifies third parties for unlimited bodily injury amounts, and property damage may be indemnified up to a €6.5 million limit.

Europcar retains a share of the expense of each claim, up to a maximum of €150,000. The amount of insurance premiums for 2017 was €509,000.

Since 2015, Europcar Ireland has been committed to an active approach to claims reduction, in particular through the installation of devices on its fleet of vehicles that encourage responsible driving. These measures tend to improve the costs related to these claims.

Denmark

Europcar's automobile-related civil liability risks that fall outside Europrogramme are covered by a local insurance policy taken out with the company TRYG. This policy is renewed annually and provides for the amount of premiums and fees payable by Europcar Denmark to benefit from this coverage.

Under this policy, TRYG indemnifies third parties for personal injury and damage to property. The insurance premium amounted to DKK 7.5 millions in 2017 and of this Europcar Danemark paid DKK 5.6 million under the terms of the franchise associated with the insurance policy.

2.6.3.2 Property damage – vehicles owned by the Group

In most countries in which the Group operates, the Group does not insure the property damage to its vehicles and is taking the charge related to the risk of damage to its fleet. Over the long run, the Group considers that insuring property damage to its fleet and theft of vehicles would be greater than or equal to actual costs of damages and theft. The Group's rental agreements generally stipulate that the customer is, subject to certain exceptions, responsible for any deterioration or damage (including damage as a result of theft) to the rented vehicles.

The cost of damages to the Group's vehicles for collisions in which third parties are not involved, the cost of damages to the Group's vehicles for which the Europcar driver is responsible and the cost of stolen or missing vehicles, as well as damages caused to the Group's property, are expensed as they are incurred. For the fiscal year ended December 31, 2017, expenses related to damages caused to the fleet (including repair work) and to the loss or theft of vehicles, net of recoveries, were €138.3 million.

The cost of damages to property or of theft not insured by the Group is partly offset by (i) proceeds from the sale of damage or theft waivers and (ii) the recovery of deductibles that remain applicable (see Section 2.6.3.4 "*Optional coverage offered to customers*" below).

2.6.3.3 Risks related to the Group's business (excluding its fleet)

In order to manage other risks related to the Group's business, or to comply with applicable laws, the Group has purchased and implemented other insurance programs, including a general liability insurance program, an environmental liability insurance program, an employer's practice liability insurance program related to employment practices, an insurance program covering fraud and misconduct, a directors and officers liability insurance program, a terrorist event insurance program covering direct damage to one of its facilities, an insurance risk related to cyber risk, and a property damage and loss of earnings program.

These insurance programs have been purchased from non-affiliated insurance companies for amounts deemed by the Group as reasonable given its risk profile, and secured terms and conditions considered by the Group as reasonable.

The Company has purchased a specific directors and officers insurance program for the Company's executives and major shareholder in order to cover certain risks related to its flotation. It covers, in particular, defense and investigation fees, damages and interest, as well as insurable fines and penalties related to claims filed by the Company's new shareholders and proceedings initiated by the relevant stock market authorities following non-compliance with applicable regulations. This insurance policy took effect as of the date of the admission to trading of the Company's shares on Euronext Paris for a six-year term.

Any increase in claims or the potential failure by the Group or its subsidiaries to renew its insurance contracts under terms and conditions at least as favorable, could have a material adverse effect on the Group's business, results from operations and financial position.

2.6.3.4 Optional coverage offered to customers

Waivers in the event of damage or theft

The Group generally proposes ancillary products to its customers, such as partial waiver to recover, damage and theft protection, franchise buy-back product according to which the Group waives or limits its right to hold its customers financially liable for damage to the vehicle or losses to the Group. The purchasing this type of product transfers, for an additional fee or premium, the customer's total or partial cost liability to the Group.

Protection against costs related to flat tires, broken windshields and headlights

The Group proposes a product that covers the customer's financial liability in the event of a flat tire, broken windshield and headlight during the ordinary use of the rented vehicle.

Personal insurance (personal accident insurance ("PAI") and super personal accident insurance ("SPAI"))

The Group proposes insurance products that allow occupants of its vehicles or their beneficiaries to receive lump sum indemnities in the event of accidental death or permanent disability following an accident occurring during the rental period. These products also contain a "medical expenses" component.

Such indemnities will be granted in addition to the compensation received by passengers considered third parties by the mandatory motor liability insurance regime and by a not-at-fault driver of the vehicle rented from the Group.

In the event where the driver of the vehicle rented from the Group is at fault, and as a result not covered under the mandatory motor liability insurance regime, insurance offered by the Group represents the driver's sole source of compensation (excluding a social security regime or insurance purchased elsewhere by the individual for personal use).

These three broad categories of products are available in sales agencies and from Europcar's website. The Group has purchased PAI/SPAI from a leading market insurer. The program was standardized for all Corporate Countries in March 2015 to enhance clarity for customers.

Any Group change in the legal or contractual conditions enabling the proposal and sale of these services, or the potential failure by the Group or its subsidiaries to propose them for sale to its customers or under less favorable terms and conditions could have a material adverse effect on the Group's business, results from operations and financial position.

2.7 ETHICS AND THE COMPLIANCE PROGRAM

The Group has developed a complete Ethics program (Compliance program) comprising a range of ethical principles, a structure covering the entire Group, and a multi-annual action plan.

Ethics Code

Europcar has developed a concrete and detailed set of ethical principles defining the professional behavior expected of the Group's representatives and employees. These principles are now included in the Code of Ethics and Commitments, available on the Group's website (https://investors.europcar-group.com/static-files/5807e1dc-5768-4496-82e7-d7912da248a6).The Ethics Code was first examined by the Management Board on January 25, 2016, before being implemented.

This Code is based on several international guidelines to which Europcar adheres (in particular the United Nations Universal Declaration of Human Rights, the European Convention on Human Rights, various conventions of the International Labour Organization, and the OECD Guidelines for Multinational Enterprises).

Through the Ethics Code, the Group commits to respecting 12 major objectives towards its various stakeholders:

1. toward its customers and consumers:
   - to communicate clearly and openly on the terms of access to the services (legal terms, rates),
   - to guarantee the security and confidentiality of data;
2. toward its employees:
   - to safeguard the health and safety of employees,
   - to promote equal opportunities within the Group,
   - to enable its employees to feel a sense of work accomplishment, and
   - to encourage positive work relations and freedom of expression of employees;
3. toward its industrial and commercial partners:
   - to select industrial and commercial partners that can, in their respective countries, guarantee compliance with basic labor rights, in particular those defined by the International Labour Organization,
   - to ensure mutual respect of the principles of loyalty in all industrial and commercial relations,
   - to prevent all forms of active or passive corruption;
4. toward the stock market:
   - to promote its success and act in ways that respect its shareholders, to gain their confidence. As a result, Europcar attaches great importance to the quality of information and ensures reliable and transparent communication with all its stakeholders, and
   - to prevent insider trading and unjustified use of confidential or privileged information;
5. toward the environment:
   - to minimize the environmental footprint of its activities while ensuring respect of environmental regulations by reducing the pollution caused by its services and infrastructures and by limiting its consumption of energy and raw materials.

Overall, the Group has defined 48 concrete commitments to these 12 objectives.

The Ethics Code has been communicated to all Group employees and has been shared with the various Europcar stakeholders. Senior managers of the Company are trained specifically on how to apply the Code and are responsible for making their teams aware of it. A fully e-learning training program will be put in place as of 2018 for the issues covered by the Ethics Code: competition, corruption, data protection, the environment, consumer law (with training in the stations), Human Resources policies.

In 2017, the Ethics Code was complemented by an anti-corruption guide (Code of Conduct) which will be disseminated in 2018 to meet the requirements of the anti-corruption Section of the Sapin 2 law.

Compliance structure

Europcar compliance is based on a three-level pyramid structure:

- the Management Board, which is responsible for overseeing the Group's compliance program;
- the Compliance Committee, which is responsible for monitoring the compliance program and its control at Group level;
- the Group Compliance Officer and the regional Compliance Officers.

The Compliance Committee

The Compliance Committee must meet once a year; it comprises the following managers:

- Group Legal Director;
- Group Internal Audit Director;
- Group Corporate Social Responsibility Director;
- Group Human Resources Director;
- Great Britain Legal Director;
- Spain Legal Director;
- Germany Legal Director.

The Compliance Committee is tasked with monitoring and controlling the Compliance program at Group level and in particular:

- issuing advisory opinions to the Management Board to enable it to make decisions;
- proposing the rules of conduct and the Compliance Program for the Group to the Management Board which decides and votes, without delegation;
- regularly reviewing the program in accordance with the latest developments in published government guidelines and the organization's needs, as well as laws, regulations and procedures enacted by the government;
- defining the actions to implement the multi-annual plans at all levels;
- reviewing the annual compliance reports submitted to the Management Board; and
- examining and handling alert situations reported by local Compliance Committees.

The Group Compliance Officer and the regional Compliance Officers

The Group Compliance Officer, with the assistance of the regional Compliance Officers, ensures the proper execution and implementation of all decisions taken by the Group in terms of ethics and fraud prevention.

The Group Compliance Officer is designated by the Chairman of the Group Compliance Committee in agreement with the Management Board. The Group Compliance Officer reports directly to the Group Compliance Committee and is responsible for issuing an activity report at least once a year.

A Regional Compliance Officer is appointed in each country in each corporate country. They are tasked in particular with implementing the Compliance program whenever the Group Compliance Officer requires assistance at the local level. The local legal department will, over time, play the role of the Regional Compliance Officer.

Multi-annual compliance program

The multi-annual Compliance program sets out the main actions to be undertaken over a period of three years (2018-2020), including:

- disseminating the Ethics Code and developing appropriate procedures and documentation;
- putting in place a professional whistle blowing procedure: in 2018, the Group will deploy an Internet platform to allow any person in the Company to report behaviors that conflict with the Group's ethics rules. These alerts will be dealt with by the Group Compliance Officer with the strictest confidentiality and anonymity for the whistle

blower. Whenever an investigation proves necessary, the Compliance Committee will make a recommendation based on a detailed report. The Supervisory Board will make the final decision on ensuing actions;

- developing and/or proposing training programs to the management of each department concerned by the components of the Compliance program;
- assessing the performance of officers, heads and managers on the distribution and respect of the Europcar Compliance program;
- establishing a Purchasing Code and updating Group General Terms and Conditions and Terms and Conditions of Purchase.

Finally, the Group is currently rolling out the Compliance program along with the anti-corruption Section of the Sapin 2 law, and this will be complemented in 2018 by the vigilance plan provided for by the law concerning the Duty of Care.

The multi-annual Compliance plan will be updated as and when required in the light of these two new laws.

Control and corrective measures

Any significant deviation from the Group's rules will trigger an investigation to determine its cause. If it is found that the deviation was caused by irregular procedures or poor understanding of the rules, Europcar will take swift action to rectify the problem.

In the case of reported or apparent suspected non-compliance, the Group Compliance Officer will rapidly take measures to investigate the behavior in question in order to determine whether or not a breach of the applicable law or the requirements of the Compliance program has occurred.

In such a case, the Group Compliance Officer will determine the measures to be taken to rectify the problem and will present their report to the Group Compliance Committee and the Management Board for approval.

2.8 INTERNAL CONTROL PROCEDURES

The principles and working methods of the internal control systems are for the Group and the operational entities that fall under the Group scope of consolidation.

Furthermore, the internal control system applies to the entire Group (parent company and subsidiaries) irrespective of whether management has decided to carry out operating activities directly or via external service providers.

The Group has based its internal control system on the COSO Standard, developed and disseminated by the Committee of Sponsoring Organizations of the Treadway Commission.

2.8.1 General organization of internal control

The primary actors in the internal control process are as follows:

1. **The Audit Committee**, in accordance with its duties defined in the French Commercial Code, ensures the relevance, reliability and implementation of internal control procedures and the identification, hedging and management of the Company's risks in relation to its activities and the generation of accounting and financial information. In particular, the Committee interviews the Group Director of Internal Audit and examines the risk map. It is regularly informed of the results of the internal control self-evaluation process. In addition, the Committee gives its opinion on the organization and resources of the Group Internal Audit Department and is informed of its audit program. It receives a periodic summary of the internal audit reports;

2. **The Management Board** is ultimately responsible for risk management and internal control and relies in particular on:
   - the financial departments of the operating entities on the one hand, and
   - the operating and functional departments on the other hand;
3. **The Group Internal Control Department,** whose purpose is to facilitate assessment, monitoring and improvement of all Group internal control systems at the Head Office, Country and Station levels. It uses the new Group internal control manual and an annual self-evaluation process which covers all of the Group's operations and entities.

   The Group Internal Control Department also relies on documents and rules that structure critical processes and are mandatory for all members of staff:
   - the Group's values, setting out its commitments towards customers, staff and shareholders and outlining the principles on which the actions of senior management are based;
   - the rules common to all Group entities are enacted by the Supervisory Board and the Management Board. These rules stipulate the measures applicable in the following instances:
     - delegations of authority to Group executives and corporate officers,
     - means of the executives' compensation,
     - investments and commitments given (such as bonds, endorsements and guarantees);
   - the harmonization of financial processes currently underway through the setting up of a shared services center and of a unified IT system used by most entities;
   - an internal control manual (named "Emergence"), fully updated during fiscal year 2016, covering all functions and processes and adapted to the operating risks in the stations.

A network with a total of ten appropriately trained correspondents (one per country), or Internal Control Coordinators, coordinate the Group control system in the different countries and subsidiaries.

The Group Internal Audit Department reports to the Chairwoman of the Management Board and has direct access to the Audit Committee. This link between internal audit and senior management is supplemented by continuous access to and cooperation with the other members of the Company's Management Board.

The Group Internal Audit Department is composed of a Group Internal Audit Director, a manager and three internal auditors and also relies on a network of correspondents in Corporate Countries. They:

- design, execute and monitor the annual internal audit plan;
- assess risks by carrying out an annual Group risk mapping and the monitoring the ensuing action plans;
- contribute to compliance with the Group's rules, in particular in the stations, and recommend improvements to internal control:
- manage the processes for the identification and prevention of fraud across the Group,
- monitor that the audit recommendations and high priority action plans are implemented.

The organization and the duties of the Group Internal Audit Department are set out in the internal audit charter.

The Group Internal Audit Department defines and executes, either on its own initiative or on the initiative of senior management, an annual audit plan that includes the international franchise network, internal control audits and any other advice or assurance assignment. It reviews the recurring internal control self-evaluation campaigns. In addition, the Group Internal Audit Department consolidates the audits performed in the various stations making up the Group's network.

This annual plan is approved by the Chairwoman of the Management Board; the Audit Committee expresses an opinion on this annual audit program.

Lastly, the Group Internal Audit Director reports to the Chairwoman of the Management Board and to the Audit Committee on the realization of the annual audit plan and on the state of progress of the recommendations issued by the internal audit.

The Group Internal Audit Department carried out some twenty missions throughout the Group during the year, in the following areas:

- franchisee audits: for the past four years, the Group Internal Audit Department has asked an outside firm to conduct an annual audit of stations held by franchisees in order to ensure their compliance with the Group's rules;
- standard missions carried out in stations;
- missions dealing with an operating process or a specific risk;
- monitoring missions carried out by the internal audit, if need be on critical subjects;
- drawing up the risks map.

Each mission is the subject of a written report intended for the audited persons, their superiors and the Management Board. Audit reports include an evaluation of the identified risks and recommended measures to reduce these risks.

2.8.2 Fundamental components of the internal control system

The architecture of the internal control process is based on a three-level structure:

1. the first control level applies to each staff member and their superiors according to their explicit responsibilities, the procedures applicable to their actions and their communicated instructions;
2. the second control level applies to managers independently of the actions controlled. It may also apply to staff employed in an operating, support or control capacity; and
3. the third control level applies to the Group Internal Audit Department, which constantly monitors the effective application of the first two control levels.

It depends on the following key elements:

Internal control procedures relating to information systems

The Group IT Department defines, implements and improves the IT security policy roadmap. It initiates and coordinates risk reduction projects in its domain.

Given the current situation of the Group's expansion into new countries and brands, in 2017 the Group IT Department created the Business Relationship unit, in charge of coordinating and managing the overall consistency of IT policies across all corporate countries and Group trademarks. The Business Relationship unit ensures the management and gradual alignment of IT Managers for the new countries and trademarks acquired by the Group (Ireland, Denmark, Buchbinder and Goldcar).

The Group IT Systems Security manager, reporting to the IT Department. The IT Systems Security manager has a central six-person team and a network of correspondents in the IT Department and the various countries and brands, through which to manage the security systems. This network of ten specialists (for each of the corporate countries) also includes business line correspondents to facilitate the coordination between the various actions and ensure the proper execution and monitoring of the IT security systems policy across the whole Group. Furthermore, the Head of Business Relationships ensures that all the measures taken by the IT Managers for the deployment of the Security, Compliance, Performance and Continuity Plan are done so in conjunction with the Group IT Manager. Similarly, the plan is gradually being rolled out to the new entities and trademarks acquired by the Group.

The IT security systems roadmap is updated in February each year and presented to the Audit Committee, taking into account the assignments conducted by the Group's Internal Audit Department, the results of the self-assessment of IT controls, the Group risk map and any external studies. The IT security systems roadmap presents the overall and consolidated vision of the action plans to be executed in 5 areas: governance, access and identity management, security oversight, infrastructure security, and compliance. Dashboards have been implemented since October 2016 to identify and analyze safety incidents with a report indicating the level of criticality, the manager and an action plan.

Monitoring of actions is handled by a monthly IT Safety Steering Committee (chaired by the Information Systems Director (ISD), facilitated by the Information Systems Safety manager, with a manager from the Legal Division, the Director of Internal Audit and the directors of the ISD) and presented to the Audit Committee. Furthermore, every two weeks, a Safety Monitoring Committee meets with all the safety correspondents in the Corporate Countries who may then submit their own issues and obtain all the necessary information on the Group's common vision.

The Group's business continuity plan has been defined and relies on a fully operational IT backup site for the Europcar brand. For the two new trademarks acquired at end 2017, a comprehensive assessment will be conducted during 2018 covering all the areas of security and compliance.

The complete business continuity plan was tested in June 2017 in live conditions, involving the move of one of the two data centers, with no loss of performance for the customers and employees. Other partial exercises were also conducted in each functional environment in 2016 and 2017.

The applications exposed to the Internet are regularly subjected to intrusion tests. The latest tests were conducted in 2017 and the next series will take place in 2018.

Fraud prevention, and fight against corruption and money-laundering

The Group Internal Audit Department oversees identification and fraud prevention processes for all Group activities.

Risks related to operations of the Group's international franchisee network are subcontracted to an external audit firm, overseen by Group internal audit. At times, external auditors are called upon to cover certain business sectors with respect to technical issues that cannot be covered internally.

Internal control evaluation process

The internal control evaluation process is based on two complementary tools:

- the internal control "Emergence" manual; and
- the self-assessment tool.

The internal control "Emergence" manual

Entirely revisited in 2016 and updated in 2017, the manual takes an instructive and pragmatic approach. It not only covers the financial reporting procedures, but also the monitoring of operations (such as the administration of contracts, the franchisees, agents and affiliates), monitoring of functions (such as Legal, Purchasing, Human Resources and IT) and Group governance. It includes a set of new subjects, directly related to the new risks and opportunities addressed by the Group, such as crisis management, sustainable development issues, investor relations and digital marketing. Each subject concentrates on the ten key controls to be applied across the Group, in relation to the risks and existing main procedures.

The internal control assessment tool

The internal control assessment tool, used in the Group for more than five years, covers all subjects discussed in the "Emergence" manual. Examples of best practice have been defined for each control and a "customized" maturity scale enables very precise and objective results to be achieved during the self-evaluation process.

The annual self-evaluation campaign for 2017 was carried out on the basis of this new tool. It covered ten corporate countries, the Shared Services Center, the holding company and the Group functions. The players involved in the self-evaluation campaign are both at the head office and in the Countries and Regions. They are supervised by the Internal Control Department. The results from the self-evaluation are reviewed by the Internal Audit Department. Plans for improvement are initiated by the operations managers, validated at the Country level and monitored by the Group Internal Control Department. The Audit Committee is informed of the results of the self-evaluation campaign and the improvement plans.

As of 2018, the self-evaluations will be facilitated by a specific IT system which will cover internal control activities and internal audits. In the medium term, the system will also cover internal control for the stations and risk management.

2.8.3 Internal control procedures regarding the preparation and processing of financial and accounting information

Organization and responsibilities in the production of accounting and financial information

The chief generators or auditors of accounting and financial information fall under the Group Finance Department and are as:

- the Group Accounting Department;
- the Group Management Control Department;
- the Group Tax Department;
- the Group Cash and Insurance Division;
- the Shared Services Center, covering many of the accounting processes and the Group's various Corporate Countries;
- the Group Financial Communication Department.

Control environment related to the reliability of accounting and financial information

The reliability of accounting and financial information relies on the following steering elements:

- a three-year strategic plan, managed by the Finance Department, in coordination with the operating departments: every year, this plan is used to set the Group's main areas of strategic focus and the annual budget objectives that reflect that focus. It is validated annually by the Supervisory Board;
- the annual budgeting process: this process, spearheaded by the Finance Department and handled by Group senior management control teams with the support of all operating departments, focuses on operational financial aggregates. The financial elements of the budget are consolidated month by month using the same tool as that used for consolidating actual results with a comparable degree of detail. This enables immediate comparison of the monthly performance of the operating financial aggregates with the budgeted targets;
- three latest forecasts per year: these forecasts focus on the same financial aggregates as the annual budget and thus employ the same consolidation methods in the same system with the same level of granularity. These forecasts

are normally made in March, June and September and rely on the actual monthly results already closed. Their objective is to estimate the remaining months until the end of the year in question in order to compare the re-estimated year and the annual budgetary targets. These forecasts are reviewed by the Management Board;

- complete monthly closings (full balance sheet, consolidated income statement, net profit and cash flow) are recorded and consolidated in the same manner as annual and half-yearly closings in the consolidation tool; and
- monthly performance review meetings: led by the Chairwoman of the Management Board, these are carried out with all countries bringing together the Deputy CEO – Countries and Operations, the Deputy CEO – Sales, Marketing, Customers & InterRent, the Chief Financial Officer and the Group Financial Controller, and the Group Fleet Director. The operating departments are themselves subject to review by the Management Board. Performance and margin analyses are conducted in order to understand the principal performance levers of the month and to define, in particular, the action plans for the coming months;
- a team, Finance Organization Design, is responsible for harmonizing the finance organizations as well as the accounting processes and internal control, in close collaboration with the Group Internal Control Department.

Procedures for the drawing up of accounting and financial information

Accounting and financial information is obtained through a rigorous process relying on:

- ***a common standard and documentation of the main Group accounting rules:*** the financial statements are prepared in compliance with the IFRS; these standards are disseminated throughout all the Corporate Countries *via* the Group Accounting Manual, complemented by specific instructions. Moreover, the above mentioned internal control manual includes the different processes affecting the generation of financial information (*e.g.* closing, cash, payroll, purchasing, sales, assets, IT and consolidation);
- ***an unified information system:*** the Group uses a single accounts package (ORACLE), with the exception of Australia, New Zealand and the companies and trademarks acquired during the fiscal year (Ireland, Denmark, Buchbinder and Goldcar), a single system to manage all operations (GreenWay) and a single reporting tool (CEGID FCRS). The operating and financial flows of most subsidiaries in the Corporate Countries are managed via ORACLE.
- ***a reporting and consolidation software package and an ORACLE chart of accounts aligned with the reporting tool:*** the reporting and consolidation of financial information is *via* the ORACLE/CEGID FCRS system for all financial reporting (budget, forecast, monthly, quarterly, half-yearly and annual actuals). The use of a single tool ensures consistency between internal steering and external communication;
- ***consistency checks and analyses carried out on financial information:*** automatic checks in the reporting tool, detailed activity reviews by the Group's Management Control teams, and specific analyses (*e.g.* scope of consolidation changes, exchange rate effects or non-recurring transactions) by the Accounting Department ensure the proper control of financial information generated;
- ***a formalized process for the transfer, analysis and control of other information published in the Group's annual documents (e.g. Registration Document)***

2.9 REGULATORY, LEGAL AND ARBITRATION PROCEEDINGS

The Group is involved in a number of legal, regulatory and arbitration proceedings in the ordinary course of its business. In accordance with the accounting standards applied to the Group, a provision is recognized in the statement of financial position when the Group has an obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated.

At the date of this Registration Document, the Group is not aware of any legal, regulatory or arbitrage proceedings other than those mentioned below, that might have or have had in the last twelve months a material adverse effect on the Company's or Group's financial position or results.

Proceedings by the French Competition Authority

On February 27, 2017 the French Competition Authority dismissed proceedings related to the car rental sector. The proceedings began with visits and the seizures at the premises of several rental companies, including Europcar France, in January 2008. Legal proceedings challenging certain aspects of these inspections and seizures of items have been ongoing since 2008 and led to a ruling by the First President of the Paris Court of Appeals on May 6, 2015, annulling the inspections at Europcar France's premises, ordering that all items seized be returned and forbidding their use in evidence by any person or authority. The ruling specified that there was no reason to cancel the investigation and its processes as a result of the appeal against the conduct of the inspections. On February 17, 2015, the French Competition Authority sent a notice of complaint to Europcar France and a number of its current and past parent companies. They alleged that, for several years (dating back to 2003 in the first case and 2005 in the second), they, first, received periodic information from airport operators on the activities of their competitors in these airports and, second, applied a surcharge in railway stations which the French Competition Authority allege was agreed with some of their competitors. Europcar France lodged its statement of defense brief on May 20, 2015. Further to filing its statement of defense, the rapporteur for the French Competition Authority submitted a report to the College on June 2, 2016. Europcar France replied to this report on September 5, 2016. The hearing before the French Competition Authority's College took place on December 12, 2016. On February 27, 2017, the French Competition Authority dismissed the case on the grounds that the practices alleged by the investigation departments had not been established. This decision is now final. The provision of €45 million recorded at December 31, 2015 in non-current expenses was reversed in the first half of 2017.

Proceedings by the Italian Competition Authority

July 29, 2015, the Italian Competition Authority (the "IAA") launched an investigation at the head office of Europcar Italy S.p.A. as part of an I 791 investigations targeting the vehicle leasing business, involving ANIASA (the Italian Association of Car Rental Companies) and its members. This procedure relates to a potential exchange of commercial information and a possible collusion between members of the association who conduct long-term rental, of a nature that may be liable to restrict competition. On December 7, 2016, the IAA sent Europcar Italia S.p.A. notice of complaint that it issued once the enquiry phase was deemed complete by the IAA and highlighted their latest findings. These findings may be confirmed by the IAA following their analysis, evidence gathered by their team of investigators, responses from the various parties to the notification of grievances received by the IAA and the arguments of the parties during the final hearing. The deadline for responses to the notification of grievances received by Europcar Italia S.p.A. was February 3, 2017 and the final hearing took place on March 1st, 2017. The notice of complaint indicates that an exchange of sensitive information between companies active in the vehicle leasing business took place through ANIASA. This act constitutes a restriction of competition by its very object according to the terms of Article 101 TFEU and consequently is a serious breach of competition law. Regarding Europcar Italia S.p.A., the notice of complaint states that the company is only active in short-term vehicle rentals and is therefore not implicated by the charges that could be upheld in the context of the ongoing procedure. As a result, and to the extent that Europcar Italia S.p.A. is not present in the vehicle leasing market (to which the proceedings relate), Europcar Italia S.p.A. is not on the list of companies likely to be fined by the IAA, subject to the IAA confirming the findings contained in its notice of complaint. The IAA's decision is expected to be handed down within six to eight weeks after the date of the hearing. The Italian competition authority (IAA) dismissed any case against Europcar Italia S.p.A. This decision is final. No provisions were recorded in respect of the Italian Competition Authority investigation.

Dispute with former franchisee and sub-franchisees in Brazil

Two Group sub-franchisees in Brazil, Rentax Locação e Comércio de Veículos Ltda. ("Rentax") and Horizon Distribuidora Veículos Ltda. ("Horizon"), have started legal proceedings against Europcar International S.A.S.U. and its ex-franchisee in Brazil, with Cia Ec Br de Franquias e Locação de Veículos Ltda. ("EC-BR"), claiming wrongful termination of the franchise agreement entered into between Europcar International S.A.S.U. and EC-BR. The combined amount claimed by Rentax and Horizon is BRL19,525,151 (approximately €6 million). Europcar International S.A.S.U. is seeking to have the case dismissed on statute of limitations grounds and, in particular, arguing that (i) there is no contractual relationship with these two sub-franchisees, and (ii) there was nothing improper by Europcar International S.A.S.U. in the termination of the EC-BR contract.

In the court of first instance, the 25th Chamber of the Civil Court of São Paulo found in 2010 that the suit filed by Rentax and Horizon was not time-barred and that if Europcar International S.A.S.U. were found liable it would have no recourse against EC-BR.BR. A recourse action is an action whereby a person against whom proceedings have been initiated, asks a third party to intervene to answer for any convictions that may be ruled against it. On appeal, this ruling was partly overturned by the Court of Appeal, which found that Europcar International S.A.S.U. could seek recourse against EC-BR, claiming back from EC-BR any payment Europcar International S.A.S.U. would make in compliance with a court ruling against it. Europcar International S.A.S.U., considering that the Appeal Court had failed to consider all its arguments about the statute of limitations, appealed to the São Paulo Court of Justice on September 8, 2014. In a ruling handed down on March 17, 2015, the São Paulo court upheld the ruling that the plaintiffs' suit was not time-barred. Its decision on the statute of limitations was appealed to the Superior Court of Justice.

On September 29, 2017 the judge-rapporteur rejected the appeal. Europcar International S.A.S.U. filed an interlocutory appeal against this ruling, which will be judged by the Superior Court of Justice on February 6, 2018. This appeal nonetheless does not suspend the main proceedings during which the judge in the court of first instance ordered EC-BR to continue to answer the case. After several unanswered notices served on EC-BR, the judge ordered the gathering of evidence phase to continue. This phase allows the Parties to gather the evidence they wish to introduce, including expert reports, witnesses etc. In answer to the ruling by the Court according to which it was not necessary to introduce further evidence as to whether the contract was legally terminated insofar as the Court of Appeal had already ruled on the question in the first judgment mentioned above, Europcar filed a request for the case to either be judged immediately or at least be postponed pending the result of the first case. The judge presiding over the case rejected this request and ordered the expert analyses to begin as requested by the plaintiffs. At the date of this Registration Document, we do not know when the expert analyses will be communicated.

Depending on the results of the analyses, the judge will hand down his final ruling, subject to a request for counter-expert testimony from the other parties.

Excessive interchange commission applied by MasterCard and Visa

Following the opening of an investigation by the European Commission into interchange commissions (commission that is received by banking organizations for a commercial transaction and justified by the mechanisms implemented by the banking institutions of the cardholder and trader for which the transaction is conducted), the European Union determined that the interchange commissions applied by MasterCard and Visa were too high. Following this decision, a company sued MasterCard in the English courts (Competition Court of Appeal) and obtained damages for losses related to this practice going back to 1992. Two additional complaints were then filed by other companies against Visa, this time in the High Court. Both were rejected and are currently the subject of appeals in the Welsh and English Courts of Appeal.

On September 16, 2016, Europcar Group UK filed a complaint against Visa in the London High Court seeking £3 million in damages for losses due to anti-competitive incurred during the periods from 1992 to 2008 and from 2010 to 2016.

The Commercial Tribunal opposed the ruling of the Court of Appeal and concluded that the interchange fees applied by Visa were not anti-competitive. When the plaintiffs appealed this ruling, Visa renewed its offer to us of £100,000. Europcar Group UK rejected this offer in February 2018.

Furthermore, Mastercard has appealed the ruling which granted J. Sainsbury, the English retailer, substantial damages, it being specified that there is no link between the Sainsbury and Europcar proceedings.

On September 16, 2016, based on the judgment given against MasterCard, Europcar Group UK Limited and three affiliated companies issued MasterCard in the London Competition Appeal Tribunal with a view to obtaining redress for the losses suffered as a result of anti-competitive practices during the periods 1992 to 2008 and 2010 to 2016 estimated at £7,000,000 (interest included).

Following the complaint of Europcar Group UK in 2016, MasterCard initiated a court action with a view to having the losses it suffered by us during the period 1992 to 1997 removed from the assessment of damages because the Competition Court of Appeal had no jurisdiction over the case for that period and that consequently our losses could not be properly estimated until after 1997.

These two cases have been suspended pending the outcome of the appeals made by MasterCard against the Competition Court of Appeal's ruling and those given against Visa in the Court of Appeal, which should be heard in April 2018.

Leicester City Council Trading Standards Services investigation

On June 23, 2017, the Leicester City Council trade services investigation department opened an inquiry into Europcar UK for a breach of Article 9 of the 2008 of the Consumer Protection Act on Unfair Trading, based on allegations according to which: Europcar UK (i) had billed its customers, without their consent, repair costs for damage caused to vehicles in cases where the damage was contested, and (ii) had billed excessive amounts, over and above the actual cost of the repairs. Europcar UK is cooperating with the authorities in charge of the inquiry.

In its interim financial statements for the six months to June 30, 2017, the Group recorded a provision of £38 million (€43 million) in non-current expenses (see Note 35 "*Contingencies*" covering liquidity risk in the 2017 financial statements in Section 3.4 "*Consolidated financial statements and Statutory Auditors' report for the fiscal year ending December 31, 2017*" of this Registration Document).

This amount corresponds to the Group's best estimate, at this very early stage of the investigation, based on a number of assumptions, including an assumption that the charging practices will be found to be misleading under Article 9 of the 2008 Consumer Protection Act on Unfair Trading and potentially inappropriate behavior when charging repairs costs to consumers.

Dispute with a former franchisee in Israel

In July 2016, Kalrom Leasing and Financing Ltd. and Kalrom Motors & Engineering Equipment Ltd (together, "Kalrom") sued Europcar International, Europcar France and Europcar Group UK before the Lod District Court in Israel for damages for alleged non-compliance with several contractual provisions and early unfair termination of the international franchise agreement binding them. The total amount of claims made by Kalrom was more than €3 million. Europcar International and its subsidiaries filed counterclaims amounting to €1 million for unpaid amounts, and are contested the competency of the Israeli jurisdiction insofar as the franchisee contract contains an arbitration clause appointing the Chamber of Commerce of Paris. The parties signed a settlement agreement on June 21, 2017, under the terms of which Kalrom and the Europcar Group companies renounced all demands.

A provision of €1 million for the Israeli dispute was recorded at December 31, 2016 and reversed in totality in 2017.

Labor Disputes

The Group faces individual disputes related to dismissals on personal grounds as well as individual disputes in the ordinary course of business. The Group also faces individual disputes for dismissals on economic grounds in the context of internal restructurings carried out in prior years, as well as individual or collective disputes relating to restructurings.

Provisions in the amount of €1.6 million for labor disputes were recorded at December 31, 2017 for various companies.

Litigation with ten former employees

The Group is defending proceedings for interim relief brought before the Rambouillet Labor tribunal (*Conseil de prud'hommes*) in which ten employees and their union are challenging the automatic transfer of their employment contracts following the transfer of APS GreenWay's business from the Group to an IT services provider. On June 24, 2015, the tribunal dismissed the employees' demands. On July 17, 2015, the latter appealed. The appeal hearing took place on February 9, 2016 and a decision rejecting all the employees' demands was rendered by the Court of Appeal on April 12, 2016. Following the fast-track court procedure (*procédure de référé*), ten of the twenty-four employees concerned filed a suit with the court of first instance, the Labor tribunal (*Conseil de Prud'hommes*): a reconciliation hearing was held on November 6, 2017, which failed to reach agreement. A hearing was therefore set for a ruling before the Rambouillet Labor tribunal (*Conseil de Prud'hommes*) on April 30, 2018.

A provision of €800,000 provision was recorded in the books of Europcar International S.A.S.U. at December 31, 2017.

FINANCIAL AND ACCOUNTING INFORMATION

For information, in this Chapter as in this Registration Document, except where otherwise stipulated, the 2017 calculated data for the Country Subsidiaries:

- ***Integrates the data for Buchbinder, a group of companies acquired by Europcar on September 20, 2017, for the period running from September 1, 2017 to December 31, 2017. It is specified that Buchbinder's balance sheet is consolidated in Europcar Groupe's financial statements as at December 31, 2017, but Buchbinder statement of income is consolidated in the accounts of Europcar Groupe only for the aforementioned period;***
- ***Integrates the data for the Danish companies Ostergaard Biler A/S and NordCar Finance A/S, a former Group franchise acquired by Europcar on April 27, 2017, for the period from May 1, 2017 to December 31, 2017.; It is specified that the balance sheet for the former Danish franchisee is consolidated in Europcar Groupe's financial statements as at December 31, 2017, but the statement of income of the former Danish subsidiary is consolidated in Europcar Groupe accounts only for the aforementioned period. The data for the franchises thus integrates the data for this former Danish franchise for the period from January 1, 2017 to April 30, 2017;***
- ***Excludes, except where otherwise indicated, the data on Goldcar, a group of companies acquired which Europcar acquired on December 19, 2017, with the exception of Goldcar's balance sheet, which is consolidated in Europcar Groupe's financial statements as at December 31, 2017.***

3.1 ANALYSIS OF THE GROUP'S RESULTS

Readers are urged to read the information below regarding the Group's financial earnings and position together with the consolidated financial statements for the years ended December 31, 2017 and 2016, as reported in Section 3.4 "*Consolidated financial statements and Statutory Auditors' report for the year ended December 31, 2017*" of this Reference Document.

In this Chapter, the Group presents some financial information and other data for the periods indicated above in order to make it easier for readers to understand the Group's activity. In particular, the Group presents the Adjusted Corporate EBITDA indicator, which refers to current operating earnings before depreciation and amortizations not linked to the rental fleet, after deducting interest expenses linked to debt used to finance the fleet. Adjusted Corporate EBITDA is not a recognized metric under IFRS and has no single generally accepted definition. The Group believes, however, that Adjusted Corporate EBITDA, which covers all costs relating to the rental fleet including depreciation expenses and interest expenses linked to the fleet, offers investors additional material information to measure the Group's performance, without distinction for the method of financing the vehicle fleet. In addition, this aggregate is one of the Group's key aggregates and is used to track its performance (see Section 3.1.2.2 "*Analysis of the Group's results*", the paragraph on "*Adjusted Corporate EBITDA*").

Furthermore, the Group has identified certain impacts linked to interest rate fluctuations (primarily the pound sterling, the Danish krona, the Australian dollar and the New Zealand dollar) and has restated certain data for the year ended December 31, 2016 at constant exchange rates for the year ended December 31, 2017 in order to provide a more precise version of its intrinsic performance.

3.1.1 General overview

3.1.1.1 Overview

With more than 65 years of experience, the Europcar Group is the leader in vehicle rental in Europe and a major player in the mobility sector. With agencies in more than 133 countries and territories, Europcar offers its customers one of the largest vehicle rental networks either directly or through its franchise holders and partners. The Group operates under several brands; the principal brands are Europcar®, Goldcar®, Buchbinder®, InterRent® and Ubeeqo®.

As a result, with an average fleet of 248,547 vehicles (cars and light commercial vehicles) and a volume of 69.3 million rental days in its "Country Subsidiaries" in 2017, the Group relies on its in-depth knowledge of the sector and of vehicle rental to provide a broad range of mobility solutions to its "Business" and "Leisure" clients

The Group is structured into two main operating segments, Europe and the Rest of the World. The two segments share similarities ranging from the nature of the services provided, the category of target clients to the management of the seasonal nature of the business.

The main difference between these two segments lies in the dynamism of the economic area, the organization of the customer base, the interdependence between the countries for managing customer contracts and the fleet and daily operational management:

- the European sector includes the European countries where the Group operates its fleet directly through its Country Subsidiaries, grouped together on the basis of common criteria of service, customers and distribution, as well as the European franchise countries (Austria, Finland, Greece, Netherlands, Norway, Sweden, Switzerland and Turkey), which have similar economic features and present synergies in terms of fleet negotiation and customer management, and in the seasonal nature of its activities. During the year ended December 31, 2017, the Group generated consolidated revenue of €2,243 million in Europe (*i.e.*, 92.8% of the Group's consolidated revenue before intra-group eliminations and holdings) and €176 million in Adjusted Corporate EBITDA (*i.e.* 67% of the total);
- the Rest of the World segment includes the other Country Subsidiaries which are Australia and New Zealand, and all the franchised countries not included in the Europe segment. During the year ended December 31, 2017, the Group generated €174 million in consolidated revenue in the Rest of the World (*i.e.*, 7.2% of the Group's consolidated revenue before intra-group eliminations and holdings) and €37 million in Adjusted Corporate EBITDA (*i.e.* 14% of the total).

In addition, "Elimination and Holdings" covers the support services for the two operating segments of Europe and Rest of the World such as IT, legal, tax, e-commerce, fleet, financing, insurance, marketing, sale and transformation departments. It includes personnel costs, IT costs, sales and marketing expenses and, in return, management commissions paid by the two operating segments. During the year ended December 31, 2017, "Elimination and Holdings" represented Adjusted Corporate EBITDA of €51 million (*i.e.* 19% of the total).

In addition, the Group has, since January 2017, chosen an organization based on Business Units to better address the different markets in which the Group operates and to respond better to its customers on the basis of their mobility needs. This organization by Business Unit, described more fully in Section 1.6.1, is structured around five Business Units: Business Unit Cars, Vans & Trucks, Low Cost, New Mobility and International Coverage. For the year ended December 31, 2017, the Cars Business Unit generated €1,939 million in revenue, the Vans &Trucks Business Unit recorded revenue of €267 million, the Low Cost Business Unit generated €131 million in revenue, the New Mobility Business Unit posted €25 million and, finally, the International Coverage Business Unit generated €50 million in revenue.

3.1.1.2 Main factors that can impact the Group's results

Certain key factors as well as past events and operations impacted and could continue to impact the Group's operating results, in particular (i) the momentum of the vehicle rental sector and the attractiveness of the Group's services, (ii) macroeconomic conditions, particularly the vitality of tourism and the business sector in general, (iii) the seasonal nature of the vehicle rental business, (iv) the effects of the strategic program and the evolution toward new mobility services, (v) the Group's cost structure and operational efficiency, (vi) the financial charges, (vii) changes to the Group's scope of consolidation and (vii) exceptional exogenous factors such as attacks. A more detailed description of each of these factors is presented below.

Sector dynamic and attractiveness of the Group's services

The vehicle rental sector is currently undergoing intensive changes owing, in particular, to the changes in consumer habits and technological advances.

- *The development of e-commerce.* In recent years, e-commerce has changed the booking habits of customers. E-commerce allows the Group to respond to the constantly changing needs of its customers and to be attentive to their expectations. The percentage of vehicle rental bookings made online (including through rental brokers) has risen sharply in recent years and accounted for 60% of bookings in 2017 excluding Global Distribution System (versus 57% in 2016). Online bookings also allow greater transparency on prices and can lead to stronger competitive pressure in the sector, see Section 1.6.5 "*Distribution Channels*".
- *Technological changes and changes to offers.* To remain competitive, vehicle rental companies should develop a business model that includes information and telecommunications systems that are effective while being complementary to those of their partners, with regard to the recording of customer bookings through multiple distribution channels and strengthening their capacity to offer innovative and less expensive services. The Group invests regularly in improving its information system, built around the GreenWay® centralized system.
- *Changes in demand on the premium and Low Cost segments.* The Group considers that transport sector consumers tend to focus on either premium offers or on so-called Low Cost offers. The changes in demand on the premium segment present new growth opportunities for vehicle rental companies capable of capitalizing on their trademark recognition to develop new services. The Group believes that it can leverage the established recognition of its leading trademark Europcar® to develop new premium services (see "*Europcar® Services*

Offer" in Section 1.6.2 "*The Europcar® trademark*"). In addition, as demand is also evolving toward the Low Cost segment and small budget vehicles, sector players have responded to the trend by adapting the composition of their fleet and developing new Low Cost offers. To address this new trend, the Group initially launched its InterRent® trademark on the Low Cost market in 2013, then accelerated its deployment as initially planned. As of December 31, 2017, the trademark was deployed in 13 Country Subsidiaries in Europe (84 rental agencies located primarily at airports and railway stations) and in 34 franchised countries (see Section 1.6.2.2 "*The InterRent® trademark*") (for more on the ongoing repositioning of the InterRent® to the mid-range segment leaving Goldcar® as the Group's sole low-cost brand, see the introduction by Section 1.6.2 "*The Europcar Group's brands and their service offers*" and Section 1.6.2.2 "*The Interent brand®*"). This specific market trend allows the Group to propose a product and services to meet this growing demand.

- *Strengthening the Group through the V&T Business Unit.* The Vans & Trucks business unit is a large and dynamic market (estimated at €2.4 million with annual growth of around 3%) [(1)]. The Europcar Group's ambition for 2020 is to occupy a central position on this European market. And through its recent acquisitions, and its new organizational and strategic lines, the Europcar Group wishes to accelerate the development of this business unit, which today represents 11% of its total revenue.
- *New mobility solutions.* The vehicle rental activity sector is undergoing structural changes linked to technological advances and the resulting changes in consumer preferences and behavior (See Section 1.3.2 "*Growth factors and general market trends*"). This momentum in the sector is a source of growth opportunities for vehicle rental companies capable of focusing their investments on the products, services and technologies that they consider will have a strong value added or will be widely accepted by consumers and for which they have or can acquire or develop the technical expertise necessary for their operation. The Group draws on its extensive experience and its know-how in the vehicle rental sector to innovate and grab opportunities arising from new mobility trends.
- *The pricing dynamic.* The vehicle rental sector is a competitive market and price is a key competitive factor. The Group seeks to capitalize on the density of its network, its sector expertise, its operational excellence and the recognition of its brands in order to enhance its ability to offer attractive rates in terms of the quality to price ratio of the services offered while improving its profitability. Supply and demand in the market impact both the Group's fleet utilization rate (see Glossary) and its pricing position. During periods of high demand or when demand exceeds supply, the fleet utilization rate increases and the competitive pressure on prices falls. On the contrary, a fall in demand or excess supply of vehicles over demand can exert downward pressure on prices in the context of available fleet management. The available fleet management capacity (size and geographic distribution) of the different players in the vehicle rental sector also has an impact on the Group's fleet utilization rate and its pricing position. For more information about the Group's fleet utilization rate, see Section 3.1.1.2 "*Main factors that can impact the Group's results*" in "*Cost structure and operating efficiency section*". The management of the fleet utilization rate, locations of the fleet and the management of the prices for the services offered are centralized around the Revenue and Capacity Management teams following the model of operators in the hotel and aviation sectors with, however, one major different in the potential for adapting fleet capacity.
- *Regulatory changes.* The Group operates in numerous countries that have multiple regulations likely to change, especially regulations governing the environment, personal data, consumer rights and the operation of franchises (see Section 1.6.10 "*Regulations*"). Regulatory changes can affect the activities and revenue of the Group, especially if such changes were to introduce additional mandatory constraints.
- *Exceptional events with an impact on the economic environment.* Natural disasters such as the floods which crippled traffic can have an adverse impact on vehicle rental. Terrorist attacks can also have an impact on the vehicle rental market in the short and medium term.

Macroeconomic conditions

The demand for vehicle rentals and, more particularly, the demand from the "Business" segment, is influenced by the macroeconomic situation of the countries in which the Group operates and, in particular, by the change in gross domestic product, especially in Europe: in 2017, the Europe operating segment represented 67% of the consolidated Adjusted Corporate EBITDA generated by the Group.

(1) Source: Mc Kinsey.

Demand is also influenced by changes in air and railway traffic and the factors underlying these changes, such as currency fluctuations or geopolitical events that can affect passenger flows and, as a result, demand from "Leisure" customers (see Section 1.3.2 "*Growth factors and general market trends*"). During the fiscal year ended December 31, 2017, agencies in airports directly run by the Group and by agents represented 43% of the revenue generated by the Group's rental activities versus 57% for agencies outside airports, thanks to the dense network. The Group also entered into important alliances and partnership agreements with several major aviation companies. Thus, a significant part of the Group's revenue is correlated to the level of air traffic.

Revenue growth indicators

Revenue covers (i) income from the rental of vehicles net of discounts and rebates, (ii) commissions on services related to the vehicle rental activity and (iii) franchise fees received from the Europcar franchise network.

The following indicators are generally used to analyze changes in the Group's consolidated revenue: (i) the activity volume measured by the Number of Rental Days, and (ii) revenue per rental day.

RENTAL DAY VOLUME

The rental day volume corresponds to the rental day volume completed by customers including each day or period shorter than one day for which a vehicle rental is invoiced to a client (the "**Rental Day Volume**").

The Rental Day Volume is influenced by a certain number of factors, including the factors described in Section 3.1.1.2 "*Main factors that can impact the Group's results*" in "*Sector Momentum and Attractiveness of the Group's Services*" and "*Macroeconomic Conditions*" sections above, the seasonal nature of the activity, the changes in the Group's services offering and customer portfolio and the Group's efforts to ensure profitable growth in line with its strategy (see Section 1.4 "*Strategy*").

REVENUE PER RENTAL DAY

The revenue per rental day (RPD) corresponds to the income from vehicle rental activities divided by the Rental Day Volume for the period in question (the "**RPD**"). The variation of the RPD is calculated with respect to the previous year and can be presented at constant exchange rate to correct exchange rate fluctuations (primarily the impacts linked to the pound sterling, the Australian dollar, the New Zealand dollar, and the Danish krone).

The RPD depends on the following main factors:

- *the Group's pricing position.* The prices practiced by the Group generally reflect (i) the positioning of the services proposed by the Group and the related price policy, (ii) the sale of additional services and equipment for a price (such as insurance products and optional protection, equipment, etc.), (iii) the specific market conditions and customer structure of geographical areas where the Group proposes its services, (iv), the Revenue Capacity Management used to manage customer demand, pricing and suitability of the fleet (category/price and optimized distribution within the network), as well as (iv) competitive intensity and (vi) the average duration of the rental;
- *the composition and diversity of the Group's fleet.* The Group's fleet includes eleven main categories of vehicles in line with the sector's standards – mini, budget, compact, medium, standard, sedan, premium, luxury, vans, trucks and convertible cars. The fleet offered varies by brand: the Europcar® brand covers a full line of vehicles, the InterRent® brand offers a narrower selection of vehicles, while Buchbinder® has a fleet of vehicles fairly close to that offered by Europcar. The diversity of the Group's fleet allows it to respond to the rental demands of a broad range of customers. Generally, higher category vehicle rentals have a higher RPD than lower category vehicles but the latter represent less substantial costs for the Group and generally help to maintain similar profitability;
- *typology of the Group's customer base: Business or Leisure* (see Section 1.6.4 "*Customers ("Business"/"Leisure")*"). Leisure rentals are often for longer periods and present a higher RPD compared with business rentals. Furthermore, longer-term rentals generate in principle a lower RPD than short-term rentals but present a different cost structure which generally allows the Group to maintain similar profitability (see Section 3.1.1.2 "*Main factors that can impact the Group's results*" in "*Cost structure and operational efficiency*") section;
- *geographic diversity.* The Country Subsidiaries cater to different types of customers and therefore present different strategies in terms of price and composition of the vehicle fleet. Some of the Country Subsidiaries (in Germany, Austria, Denmark, Luxembourg and Belgium) generate a more substantial portion of their revenue in the "Business" segment, others (in Spain, Italy, Ireland, Portugal, Australia and New Zealand) generate more revenue on the "Leisure" segment and others, finally, are present in the two customer segments in a fairly balanced manner (in France and in the United Kingdom);

- *the growth momentum of the different Business Units.* Each Business Unit targets a customer base and markets that have their own dynamic for demand, product and services offer and price; as a result, the different Business Units have different RPDs and revenue growth (See Section 1.6.1 "*Overview of business*"); and
- *the fluctuation in certain foreign exchange rates.* As RPD is measured in euros, fluctuations in exchange rates, particular between the euro and the pound sterling, the euro and the Danish kroner, and the euro and Australian and New Zealand dollars can impact the RPD. Consequently, the Group monitors the RPD mainly at constant exchange rate.

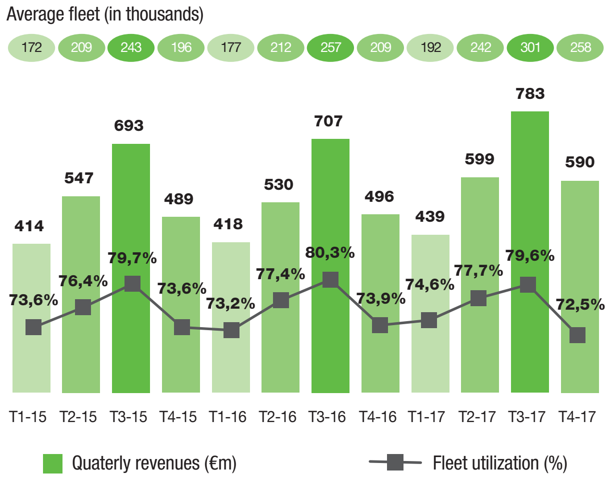
Seasonal nature of the business

The vehicle rental business sector is seasonal and sensitive to weather conditions. There is generally a peak in activity from June to September. The "Leisure" segment is characterized by higher demand during the summer period and school holidays and benefits from higher activity in the transport sector. As such, the Group's revenue and Adjusted Corporate EBITDA are higher during these periods compared to the rest of the year. For example, the Group generated 61% of its Adjusted Corporate EBITDA in the third quarter of the year ended December 31, 2017 (versus 63% in 2016). The "Leisure" customer segment is also characterized by an increase in demand for week-end rentals over mid-week rentals. By contrast, demand from the "Business" customer segment is relatively stable during the year, with a slight drop during the summer holidays period and more focus on the mid-week (Tuesday to Thursday).

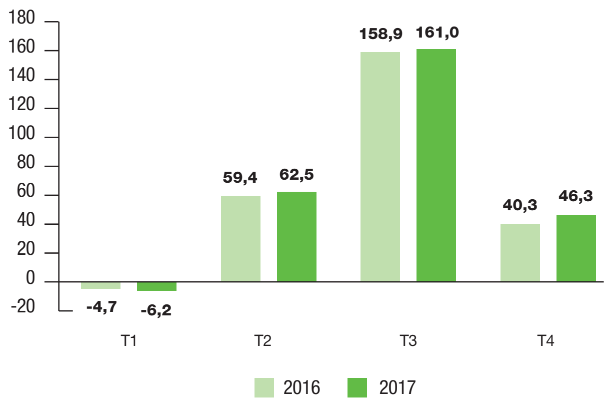
For the fiscal year ended December 31, 2017, leisure rentals represented 56% of the revenue generated by the Group's rental activities versus 44% for "Business" rentals.

Managing the seasonal nature of the business efficiently is an important aspect of the Group's financial model. The Group strives to seize business during peak periods (weekly or annually) while remaining attentive to fleet holding costs in the periods preceding and following these periods (low or normal by classifying the annual peaks as high or elevated), with the objective of maintaining its fleet utilization rate between 72% and 81% for each quarter, for example. The Group addresses these fluctuations in demand through flexible contracts with the vehicle suppliers. These contracts allow the Group to increase its vehicle orders when it expects a surge in activity and to use short-term buy-back arrangements (which generally vary between five and eight months) to reduce the number of vehicles once the high demand falls (see Section 1.6.7 "*The Group's Fleet*").

The graph below shows the change in consolidated revenue in millions of euros, the fleet utilization rate and the average fleet per quarter during the years ended December 31, 2016 and 2017:



The following graph shows the change in the Group's Adjusted Corporate EBITDA by quarter in millions of euros during the years ended December 31, 2016 and 2017.



Cost structure and operational efficiency

A. OVERVIEW OF THE COST STRUCTURE OF THE MANAGEMENT INCOME STATEMENT

The Group's operating costs, as presented in the management income statement, are primarily composed of fleet holding costs excluding estimated interest included in operating lease expenses, operational expenses in connection with fleet operation, vehicle rental, and income from ordinary vehicle fleet activities, personnel costs and general expenses for the network and headquarters. The estimated interest included in operating lease rents are included in the finance charges related to the fleet and recognized above the Adjusted Corporate EBITDA [1].

(1) In the IFRS income statement, payments under operating leases are recorded in full under "fleet holding costs" with no distinction between the amortization expense and the estimated financial expense component.

The Group's operating costs therefore exclude other operating income and expenses and non-current income and expenses, as well as all financial costs related to fleet financing; all these items are presented separately in the income statement.

The operating costs of the Group represented 88% of its revenue in 2017. The Group considers that this operating cost base is 69% variable and 31% fixed or semi-fixed as described below.

Costs considered variable are:

- *fleet holding costs* (which represented 29% of the operating cost base and 25% of revenue in 2017). These costs include:
  - costs in connection with vehicle rental agreements, which represented 24% of the operating cost base for 2017 and correspond to (i) depreciation expenses concerning both vehicles purchased with manufacturer or dealer buy-back commitments and "at risk" vehicles (based on monthly depreciation rates negotiated as part of the buy-back agreements, as regards vehicles purchased with a buy-back clause, net of volume rebates, or on the difference between the purchase price and estimated residual value of at risk vehicles, as regards the latter, adjusted monthly based on vehicle market values) and (ii) operating lease expenses,
  - costs in connection with the purchase and sale of vehicles, which represented 2% of the operating cost base for 2017, mainly consisting of (i) the cost of vehicle accessories, (ii) costs linked to the integration of new vehicles into the Group's fleet, and (iii) costs linked to the sale of used cars and vehicles acquired through buy-back schemes, and
  - taxes on vehicles, which represented 2% of the operating cost base for the 2017 fiscal year.

  These costs are variable year on year insofar as the Group is able to adapt and adjust its fleet, thanks to the flexibility offered by the buy-back agreements signed with the car manufacturers. Europcar is able to increase its vehicle orders in the lead up to the high season, and use the flexibility offered by the holding periods, generally lasting from five to eight months, to sell vehicles off when the demand slackens. Europcar is also able to respond to short-term peaks in demand through optimized distribution of new vehicles added to the fleet (see Section 1.6.7.1 "*Fleet Management*"). The key indicators monitored for these costs are: (i) The average rental fleet, (ii) the average monthly cost per unit of the fleet and(iii) the fleet utilization rate (as described below);
- *the costs related to the operation, rental and income from continuing operations of the vehicle fleet* (which represented 40% of the operating cost base and 35% of revenue in 2017). These costs include:
  - fleet operating costs, which represented 14% of the operating cost base for the year ended December 31, 2017, and include insurance costs (the cost of third party liability and vehicle damage insurance policies, and the cost of self-insurance), repair and maintenance costs as well as costs incurred for damaged and stolen cars, and for the reconditioning of vehicles before they are repurchased by the car manufacturers or dealers. These costs vary as a function of the average rental fleet and, to a lesser extent, the Number of Rental Days,
  - commission and franchise fees linked to revenue from ordinary activities, including commission paid to agents operating rental agencies covering personnel costs and agency overhead costs (excluding the vehicle fleet) as well as commission paid to travel agencies, brokers and other business partners, and the franchise fees and duties paid for airport and rail station concessions. These costs represented 15% of the operating cost base for the 2017 fiscal year, and vary according to the sales generated by the underlying rental business, and
  - rental costs, which represented 11% of the operating cost base for the 2017 fiscal year, and which cover the cost of transfering vehicles from one site to another, vehicle washing costs and fuel costs. Rental costs are, in theory, incurred once per rental; consequently, a shorter rental will incur approximately the same cost as a rental over a longer period.

Costs considered to be fixed or semi-fixed include personnel costs, general expenses for the network and headquarters and information system costs, which together represented 31% of the operating cost base for the fiscal year 2017 and 28% of revenue in 2017. These costs and expenses can vary according to changes in the number of employees, the launch of marketing campaigns, and based on the continued rollout of the Shared Services Center to all Corporate Countries. Expenses incurred in the network of agencies can also fluctuate on the basis of business and the opening of new agencies.

As part of the new organization based on Business Units implemented at the beginning of 2017, all initiatives aimed at strengthening the Group's operational excellence is now monitored at the level of Business Units, support functions and Country Subsidiaries.

B. COST STRUCTURE AND OPERATIONAL EFFICIENCY INDICATORS

Major gains were achieved on the unit costs of the fleet and other operating expenses expressed in number of vehicle rental days or as a percentage of revenue.

Fleet management and improvement of the fleet utilization rate are based on the Group's internal procedures and on the Revenue and Capacity Management teams set up in 2012. The Group uses the following indicators to control and optimize its fleet-related costs:

- *Average rental fleet for the period.* The average fleet in the period is calculated by taking into account the number of days in the period during which the fleet is in service, divided by the number of days in the same period, multiplied by the number of vehicles in the fleet during the period. The size of the average fleet in the period, and therefore of the fleet holding costs, varies according to forecasted demand and Rental day volume, and, in particular, to the effects of seasonal fluctuations;
- *Average monthly cost of the fleet per unit.* The average monthly costs per fleet correspond to the total monthly fleet costs (fleet holding and operating costs), excluding interest expenses included in operating lease expenses for vehicles in the fleet, and insurance costs, divided by the average fleet in the period, with the average fleet period itself being divided by the number of months in the period. The Groups also analyzes the fleet holding cost per unit per month (excluding estimated interest included in operating lease rents for vehicles in the fleet) and, separately, the monthly operating cost per fleet unit (excluding insurance costs). The average monthly cost of the fleet per unit can fluctuate on the basis of macro-economic conditions that impact auto makers and the Group's negotiation power with the auto companies for its vehicle supply agreements. The average cost per unit for small, economy vehicles tends to be less than the average cost per unit for larger vehicles;
- *Fleet utilization rate.* The fleet utilization rate represents the ratio of the Rental day volume to the number of days in the fleet financial availability period; it is specified that the fleet financial availability period represents the period in which the Group holds the vehicles. The higher the fleet utilization rate, the fewer vehicles are necessary in the fleet to generate a given volume of rental days (see Section 1.6.7 "*Group fleet*"). Optimized management of the fleet size through the purchase and sale of vehicles, as well as the higher number of longer term rentals, contribute to the rise in the fleet utilization rate.

Financial expenses in connection with fleet financing and other borrowings

The financial expenses include the following expenses, in particular:

- financial expenses in connection with fleet financing, which vary depending on the financing option selected or available: financing through operating leases based primarily on the capacity of the manufacturers' captive finance companies, banks and other companies specializing in leasing vehicles or financing through debt or securitization for the fleet of vehicles recorded in the balance sheet. IFRS treats the accounting of financial expenses differently, depending on the type of financing used. In the IFRS income statement, operating lease rents, including the estimated portion corresponding to interest, are recorded as operating income under fleet holding costs, while financial expenses connected to the other types of financing for the vehicle fleet included in the balance sheet are recorded as financial income under cost of gross debt. In order to facilitate the Group's monitoring of performance, these two types of financial expense are grouped together as one line in the calculation of the Adjusted Corporate EBITDA (see Section 3.1.2.2 "*Analysis of Group results*" in "*Adjusted Corporate EBITDA*" section) in the management income statement;
- the financial expenses on the High Yield bonds intended for corporate financing;
- other financial income and expenses including, in particular, expenses in connection with other borrowings, the amortization of transaction costs, any redemption premiums, and foreign exchange differences.

Changes to the scope of the Group

In 2017, the Group accelerated its external growth with several acquisitions, detailed in Section 1.8.2.2 "*Acquisitions and sales of subsidiaries in 2017*". The Group has notably acquired its old Danish franchise and the Buchbinder group of companies, which are consolidated in Europcar Groupe's financial statements at December 31, 2017.

In mid-December 2016, the Group had acquired Europcar Ireland, one if its biggest franchises by revenue (around EUR50 million in 2016). Europcar Ireland has only been consolidated in Europcar Groupe since January 1, 2017.

3.1.1.4 Significant accounting policies

For a detailed description of the Group's significant accounting policies, see Note 2 "*Accounting methods and principles*" in the Group consolidated financial statements for the year ended December 31, 2017 included in Section 3.4 "*Consolidated financial statements and Statutory Auditors' report for the year ended December 31, 2017*" of this Registration Document.

3.1.2 Comparison of results for the years ended December 31, 2017 and 2016

3.1.2.1 Key indicators

	Year ended December 31,			Changes at constant exchange rates
	2017	2016	Changes	
Total revenue *(in euro millions)*	2,412	2,151	12.1%	13.5%
Income from vehicle rental operations *(in euro million)*	2,255	2,002	12.6%	14.0%
Rental Day volume *(in millions)*	69.3	59.9	15.7%	-
RPD *(in euros)* (1)	32.6	33.4	(2.6)%	(1.5)%
Average rental duration *(in days)*	6.1	6.0	2.5%	-
Average rental fleet in thousands (2)	248.5	213.8	16.3%	-
Average fleet costs per unit per month *(in euros)* (3)	(243)	(245)	(0.9)%	0.5%
Fleet utilization rate (4)	76.4%	76.5%	(0.2) pt	-
Adjusted Corporate EBITDA *(in euro millions)*	264	254	3.9%	4.6%
Adjusted Corporate EBITDA margin	10.9%	11.8%	(0.9) pt	-

(1) The revenue per transaction day (RPD) corresponds to the income from the vehicle rental business divided by the number of rental days for the period in question.

(2) The average rental fleet corresponds to the number of vehicles during the period when the fleet is in operation, multiplied by the number of days in the same period, divided by the total number of days in the fleet during the period. At December 31, 2017, the fleet had 269,462 vehicles (+39.5% compared to December 31, 2016).

(3) Average monthly fleet cost per unit corresponds to total monthly fleet cost (costs of ownership and operation of the fleet), excluding interest expense for fleet operating leases and insurance, divided by the average fleet size during the period. The average fleet size is then in turn divided by number of months during the period (i.e. EUR730 million for 250,101 vehicles in 2017 and EUR 633.4 million for 215,076 vehicles 2016).

(4) The fleet financial utilization rate corresponds to the number of rental days as a percentage of the number of days the fleet is considered financially available. The fleet's financial availability period represents the period during which the vehicles are in operation.

3.1.2.2 Analysis of the Group's results

The comments in this Section refer to the IFRS presentation of the income statement and the management aggregates monitored for strategic management of the Group. The management aggregates are established in order to reflect and improve the visibility of the Group's economic performance.

MANAGEMENT INCOME STATEMENT

In millions of euros	2017	2016	Change
Revenue	**2,411.7**	**2,150.8**	**12.1%**
Fleet holding costs, excluding estimated interest included in operating leases	(558.1)	(488.8)	14.2%
Fleet operating and rental costs and costs related to the income from ordinary vehicle fleet activities.	(841.9)	(753.3)	11.8%
Personnel costs	*(404.7)*	*(339.2)*	*19.3%*
Network and headquarters overhead costs	*(250.0)*	*(215.9)*	*15.8%*
Other income	*14.2*	*9.7*	*46.0%*
Personnel costs, overhead costs for headquarters, network IT and other	(640.6)	(545.4)	17.5%
Fleet financial costs	*(59.9)*	*(62.0)*	*(3.2)%*
Estimated interest included in operating leases	*(47.3)*	*(47.5)*	*(0.5)%*
Fleet financial costs, including estimated interest included in operating leases	(107.2)	(109.5)	(2.0)%
Adjusted Corporate EBITDA	**263.8**	**253.9**	**3.9%**
Margin	**10.9%**	**11.8%**	**(7.3)%**
Depreciation, amortization and impairment expense	(29.9)	(32.3)	(7.7)%
Other non-recurring expenses and income	(70.7)	(20.7)	241.1%
Non-fleet financial profit/(loss)	(80.7)	(59.1)	36.6%
PROFIT/LOSS BEFORE TAX	**82.6**	**141.7**	**(41.7)%**
Income tax	(13.4)	(6.6)	102.3%
Share of net profit or loss in companies accounted for by the equity method	(8.1)	(15.8)	(48.9)%
NET PROFIT/(LOSS) FOR THE PERIOD	**61.1**	**119.3**	**(48.8)%**

IFRS INCOME STATEMENT

In millions of euros	2017	2016	Changes
Revenue	**2,411.7**	**2,150.8**	**12.1%**
Fleet holding costs	(605.4)	(536.3)	12.9%
Fleet operating, rental and revenue-related costs	(841.9)	(753.3)	11.8%
Personnel costs	(404.7)	(339.2)	19.3%
Network and headquarters overhead costs	(250.0)	(215.9)	15.8%
Other income	14.2	9.7	46.0%
Depreciation, amortization and impairment expense	(29.9)	(32.3)	(7.7)%
Current operating income	**293.9**	**283.5**	**3.7%**
Other non-recurring expenses and income	(70.7)	(20.7)	241.1%
Operating income	**223.2**	**262.8**	**(15.0)%**
Net financing costs	(140.7)	(121.1)	16.2%
Profit/loss before tax	**82.6**	**141.7**	**(41.7)%**
Income tax	(13.4)	(6.6)	102.3%
Share of profit/loss of associates	(8.1)	(15.8)	(48.9)%
NET PROFIT/(LOSS) FOR THE PERIOD	**61.1**	**119.3**	**(48.8)%**

The table below presents the reconciliation of recurring operating profit (loss) with adjusted recurring operating profit (loss), with Adjusted Corporate EBITDA and with adjusted consolidated EBITDA. The Group presents the adjusted recurring operating profit (loss), the adjusted consolidated EBITDA and the adjusted Corporate EBITDA because it believes that these measurements give investors important, additional information for assessing the Group's performance. The Group believes that these data are frequently used by analysts, investors and other parties interested in the assessment of companies in its sector.

Moreover, the Group believes that investors, analysts and ratings agencies will examine the adjusted recurring operating income, the adjusted consolidated EBITDA and the adjusted Corporate EBITDA in order to measure the Group's ability to meet its debt payment obligations. Neither the adjusted recurring operating income, adjusted consolidated EBITDA nor the adjusted Corporate EBITDA constitutes a recognized measurement under IFRS; they must not be considered an alternative to operating profit (loss) or net profit (loss) as a measurement of operating results or to cash flows as an indicator of liquidity.

In millions of euros	2017	2016
Adjusted consolidated EBITDA	**821.1**	**754.5**
Fleet depreciation (IFRS)	(213.0)	(181.9)
Fleet depreciation included in operating leases (1)	(237.1)	(209.3)
Total fleet depreciation	**(450.0)**	**(391.2)**
Estimated interest included in operating lease rents (1)	(47.3)	(47.5)
Fleet financial costs	(59.9)	(62.0)
Fleet financial costs, including estimated interest included in operating leases	**(107.2)**	**(109.5)**
Adjusted Corporate EBITDA	**263.8**	**253.9**
Depreciation, amortization and impairment expense	(29.9)	(32.3)
Reversal of fleet financial costs	59.9	62.0
Reversal of estimated interest included in operating lease rents	47.3	47.5
Adjusted recurring operating income (loss)	**341.2**	**331.0**
Estimated interest included in operating lease rents	(47.3)	(47.5)
Current operating income (2)	**293.9**	**283.5**

(1) The charges related to fleet vehicle operating leases include a depreciation expense, an interest expense and, in some cases, a small management fee. For contracts that do not stipulate a precise distribution of rents among these components, the Group makes estimates of this breakdown on the basis of the information provided by the lessors. In addition, since the interest expense included in operating leases is essentially a fleet financing cost, the management of Europcar examines the fleet holding costs and the Group adjusted operating profit (loss) excluding this expense.

(2) As presented in the consolidated income statements.

The table below presents a reconciliation of recurring operating income to adjusted recurring operating income, to adjusted corporate EBITDA. The 12-month pro forma figures presented below were calculated as if the acquisitions of Buchbinder and Goldcar had taken place on January 1, 2017. The method applied to build this proforma is described in Note 3.2 to Chapter 3.4 "*Consolidated Financial Statements*".

In millions of euros	Proforma 2017	2017	2016
Current operating income	**353.1**	**293.9**	**283.5**
Reversal of interest expense for fleet operating leases (estimated)	50.9	47.3	47.5
Adjusted recurring operating income	**404.0**	**341.2**	**331.0**
Reversal of depreciation, amortization and impairment expense	34.2	29.9	32.3
Net fleet-financing expense	(70.9)	(59.9)	(62.0)
Interest expense related to fleet operating leases (estimated)	(50.9)	(47.3)	(47.5)
Adjusted Corporate EBITDA	**316.4**	**263.8**	**253.9**

(A) Revenue

The following table shows the change in Group consolidated revenue for fiscal years 2017 and 2016, total and by type of income:

In millions of euros	2017	2016	Changes	Changes at constant exchange rates
Vehicle rental income	2,255.3	2,002.4	12.6%	14.0%
Other revenue associated with car rental	105.0	97.1	8.1%	10.2%
Franchising business	51.3	51.3	0.1%	0.3%
REVENUE	**2,411.7**	**2,150.8**	**12.1%**	**13.5%**

Income from recurring operations is designated by the term "revenue" or "consolidated revenue" in this document.

Revenue includes vehicle rental income (net of discounts and rebates and excluding intra-group sales and value added taxes on sales), fees from the services related to vehicle rental (including fuel), and the franchise fees received from the Europcar franchise network:

- revenue drawn from vehicle rentals covers the rental income generated by the agencies operated directly by the Group and the income generated by the rental agencies operated by agents;
- Income related to services that complement the vehicle rental activity include the revenue from fuel sales and the fees received for managing "Major Accounts" fleets, as well as the income generated by carsharing and car services with driver; and
- the revenue drawn from the rental activity of the franchises consists of the annual franchise fees, entry and territorial fees and other fees, such as the reservation fees invoiced by Europcar, collection costs and the costs of the IT services provided to the franchises. The franchise fees paid to the Group by its franchisees are determined on the basis of the rental revenue generated by the franchisees in their regions.

Revenue for fiscal year 2017 totaled €2,412 million, up 12.1% over 2016. Restated for the foreign exchange effects of the pound sterling and the Australian dollar, this increase is 13.5%. Excluding the consolidation of Ireland, Denmark, Ubeeqo, Buchbinder, Queensland and Brunel, Group consolidated revenue rose 3.3% at constant exchange rates. This significant increase was carried by the growth in vehicle rental activity, which was up 4.3% on a like-for-like basis.

On Europcar® brand's vehicle Rental Day volume also performed well over the 2017 fiscal year ended, recording 9.0% growth over the previous year.

The revenue generated by rental activity, which rose 14.0% at constant exchange rates, benefited from a 15.7% jump in Rental day volume, with 69.3 million rental days in 2017. This growth was primarily driven by the countries in southern Europe, particularly Italy and Spain. The Northern countries suffered from sharp competition in the business segment, both in terms of rental day volume and RPD. Volume in the Leisure segment improved, but the segment suffered from heavy competitive pressure on prices.

The "Business" segments (which include the "Key Accounts", "Small and Medium Enterprises", "Assistance" and "Leasing" segments) experienced an increase in revenue by an increase in the rental day volume, especially in the "Key Accounts" and "Small and Medium Enterprises" segments. The share of the "Business" segment increased from 42% in 2016 to 44% in 2017, to the detriment of the "Leisure" segment which decreased from 58% to 56% in 2017.

Volume in the "Leisure" segments (which includes "Public" "Partnerships" and "Brokers") rose sharply thanks to a focus on the most profitable activities through a marketing and human investment. The development of the InterRent® brand contributed to this growth. The increase in revenue generated by the rental activities is primarily the result of the implementation of an organization by Business Unit, which drove significant growth in Rental Day volume, particularly in the "Low Cost" Business Unit via InterRent® (a 70% surge over the previous year). The Southern European countries participated the most in this increase.

At constant exchange rates, revenue per rental day (RPD) declined by 1.5% in 2017. This change in the RPD essentially reflects two phenomena: a mixed effect with significant growth in the InterRent® volume, which presents a lower RPD and a decline in the RPD of the leisure segments, partially related to the price cuts necessary to continue our development of volume in the most profitable segment.

Other income from vehicle rentals were adversely affected by the drop in business customers, who are the heaviest users of fuel sales, but without a significant impact on operating profit given the savings achieved on the gasoline supply costs.

Revenue from the franchisees fell slightly, primarily because of the reduction in franchise fees invoiced on the French franchisee Locaroise that was purchased by Europcar France in 2016 and the purchase of our former Irish and Danish franchises in 2017.

(b) Fleet Holding Costs

Fleet holding costs represent the "depreciation costs" on vehicles acquired under contracts with repurchase clauses or on at-risk vehicles, the costs on vehicle rental agreements, the costs related to the purchase and sale of vehicles, and the taxes on the vehicles (see Section 3.1.1.2 "*Main factors that can impact the Group's results*" in "*Cost structure and operational efficiency*" section).

Fleet holding costs increased 12.9% at reported exchange rates and 14.4% at constant exchange rates to total €605.4 million in 2017. These fleet holding costs include operated fleet depreciation charges (vehicles acquired and financed through financing recorded on the balance sheet) and rental payments under vehicle operating leases, including the financial component in accordance with accounting standards (vehicles financed through leases).

By definition, rental payments under operating leases include an interest component. As explained below, the accounting for fleet financing expenses depends on the type of financing (operating lease or other type of financing). For the sake of clarity, the Group consolidates all fleet financing expenses in its management income statement, analyzing them together as part of Adjusted Corporate EBITDA (see Section 3.1.2.2 "Analysis of Group results" in "*Adjusted Corporate EBITDA*" section); it excludes these expenses from its analysis of fleet holding costs.

Adjusted for the estimated financing costs of operating leases (totaling €47.3 million in 2017 and €47.5 million in 2016), the change in fleet holding costs was attributable to the increase in business activity, continued improvements in the monthly cost per vehicle and a slight decrease in the utilization rate:

- adjusted for the estimated financing costs of operating leases, fleet holding costs increased 16.8% at constant exchange rates, reflecting the increase in the level of the fleet, which increased by 16.3%, thereby boosting revenue;
- fleet holding costs per vehicle improved slightly, with a 0.5% decrease in the average monthly holding cost per fleet unit (at constant exchange rates) to €243.2 per vehicle. This continued improvement was driven by a streamlining of the composition of the vehicle fleet by category to better align it with the needs of the Group's customers, better logistical management of fleet additions and disposals and harmonization of the procedures to track the mileage of vehicles in the buy-back program; however, the sharp drop in costs re-invoiced to customers for accidents significantly degraded the Group's performance;
- in addition, the fleet utilization rate dropped slightly by 0.2 percentage point to 76.4%. Against a backdrop of a very strong increase in the average fleet level, the Group's operating excellence and, in particular, the expertise of the Revenue and Capacity Management Department available in every Country Subsidiary made it possible to maintain the financial utilization rate at a solid level thanks to better matching of the composition of the Group's fleet with customer demand, improved management of customer demand and optimized fleet distribution. The purpose of these initiatives is primarily to reduce the time lag between the date of delivery of new vehicles and the date on which they are first used, the time period between each rental and the time lag between the last rental and the sale or return of the vehicles, as well as to improve the process of managing accidents and repairs and, more generally, to improve the utilization rate of the fleet operated under the Low Cost InterRent® brand.

(C) Fleet operating, rental and revenue-related costs

The costs for operation, rental and ordinary revenue of the vehicle fleet consists of the operating costs of the fleet (including insurance costs), commissions and franchise fees related to ordinary revenue, and rental-related costs.

Fleet operating, rental and revenue-related costs rose 11.8%, and 13.2% at constant exchange rates, to €841.9 million in 2017, within a context of a significant increase in revenue.

- Fleet operating costs rose 15.3% at reported exchange rates and 16.3% at constant exchange rates due to an increase in the cost of damages to our vehicles caused by our customers (repair costs paid to the auto manufacturers). This increase was partially covered by recovery of the deductible charge to customers and by higher sales of additional insurance products.
- Commissions and franchise fees associated with revenue generated by ordinary activities increased 8.7% at reported exchange rates and 9.8% at constant exchange rates. This increase was primarily driven by the increase in commissions paid to airport authorities, particularly in Spain and Australia, and by fees charged to distribute our "Leisure" products on line and through brokers
- Rental-related costs rose 2.4% at reported exchange rates and 4.2% at constant exchange rates, despite a jump of more than 12.9% in the number of rental agreements. This variation reflects the cost of transporting and washing vehicles, the reduction in the fuel margin and the increase in the minimum wage in some countries.

(D) Network and headquarters overhead costs

Network and headquarters overhead costs include costs associated with the vehicle-rental stations (including rental fees and network overhead costs), expenses related to the headquarters of the Company and of Group Corporate Countries (including rental fees, travel expenses and auditing and consulting fees incurred at local and holding-company level), as well as related commercial and marketing fees, IT-system-related expenses and telecommunication expenses.

Personnel costs include salaries and wages (including bonuses and incentives), social security contributions, post-employment benefits and a number of other items.

Personnel costs are monitored separately depending on whether they relate to personnel working in the rental offices or network staff working at the headquarters of each of the Group's subsidiaries or the Group's headquarters, or in the Shared Services Center created in Portugal in 2014.

The headquarters of the Group's Country Subsidiaries perform a number of commercial and operational activities defined by the Group in line with local characteristics, such as the management of "Major Accounts" customers and the administration of sales, the "Revenue and Capacity Management" services, reservations and customer services, e-commerce and marketing, vehicle purchase, logistics and maintenance, as well as support functions such as Finance and Human Resources.

Personnel costs totaled €404.7 million in 2017, an increase of 19.3% at reported exchange rates and 20.5% at constant exchange rates. This increase of €68.8 million at constant exchange rates was primarily driven by the new acquisitions and the additional personnel to support the growth in the business, and especially to support the InterRent brand.

Network and headquarters general expenses were up 15.8% to €250.0 million. This increase in expenses primarily reflects the purchase of the Buchbinder company and the former Irish and Danish franchises.

IT expenses also rose sharply in order to support the projects to digitize our businesses and improve Customer Experience tools and processes.

(E) Amortization and depreciation excluding the vehicle fleet

Non-fleet amortization and depreciation allocations primarily reflect allocations to the amortization of intangible assets (software and operating systems owned by the Group), and depreciation of property, plant and equipment (computer equipment) and impairments.

Excluding the vehicle fleet, depreciation and amortization charges decreased by €2.5 million to €29.9 million in 2017.

(F) Other income

Other income and expenses reflect net income resulting from certain commercial agreements, reversals of unused provisions, gains or losses on the sales of property, plant and equipment and other items (such as retrocessions pursuant to rental contracts or tax penalties).

Other income and expenses rose by €4.5 million to €14.2 million for the year ended December 31, 2017.

(G) Other non-recurring income and expenses

Other non-recurring income and expenses consists of the costs related to acquisitions of companies and reorganization costs and other operating costs.

Acquisition costs include the costs incurred to integrate the acquisitions, such as legal and accounting fees, the costs of dismissal and the consulting fees for the dismissals resulting from streamlining the network of rental agencies and support functions, impairment of property, plant and equipment and transfer costs, costs to terminate leases as well as costs associated with restoring within the context of integrating the businesses acquired.

Reorganization expenses represent the costs incurred to restructure operations during economic slowdowns, or in order to adapt the local organization or the Group structure to changing economic conditions. These expenses include staff reduction expenses, consultancy fees, asset write-offs and transfer costs, and early lease termination costs incurred as part of restructuring programs.

Unusual, abnormal and infrequent items are presented separately in other non-recurring income and expenses in order to provide a clearer picture of the Group's performance.

In 2017, other non-recurring income and expenses represent an expense of €70.7 million reflecting in particular the following items:

- Recognition of a provision in England in the context of the "Trading Standard" dispute for €42.5 million and the reversal of the ADLC provision in France;
- Reorganization expenses in Germany;
- Costs on the acquisitions of Goldcar, Buchbinder, EC Danemark and Snappcar;
- Expenses related to various Group Transformation projects.

In 2016, this income and expenses represented a net expense of €20.7 million, and primarily reflected the following items:

- €17 million of restructuring costs, including severance expenses for top management and the further transfer of back-office activities from the countries to the Shared Services Center in Portugal;
- commissions and fees related to past and future acquisitions;
- a refund of the business tax from the tax authority;
- expenses related to various Group Transformation projects (business unit restructuring, CRM tool, etc.).

(h) Adjusted Corporate EBITDA

Adjusted Corporate EBITDA was up 3.9% (4.6% at constant exchange rates), rising from €253.9 million in 2016 to €263.8 million in 2017. The margin of the Adjusted Corporate EBITDA as a percentage of revenue dropped from 11.8% in 2016 to 10.9% in 2017.

Given the significant growth in revenue, the margin on variable costs [1] increased by €111.8 million at constant exchange rates. The margin on variable costs was 41.9%, primarily the result of the increase of 15.7% in the Number of Rental Days and control of all variable costs.

Fleet-related financial charges (estimated interest on simple rentals and financial charges related to fleet financing on the balance sheet) fell by 2.0%, from €109.5 million in 2016 to €107.2 million in 2017, despite a 12.9% increase in the average fleet level over 2017 compared with 2016. This performance was primarily achieved by the renegotiation of the terms of the SARF (see Section 3.2 "*Cash Flow and Capital of the Group*" in this Registration Document).

(i) Net financing costs

Net financing costs include the gross financial debt cost, including the net financial expense on borrowings intended to finance the fleet, net financial expenses on other borrowings (excluding estimated interest included in the operating lease rents which are recorded in operating profit or loss), and other financial expenses and income. Other financial income and expenses primarily represent the impact from the trading of derivative financial instruments, the amortization of transaction costs, foreign exchange differences, the financial components of employee benefits (discounting effect, excepted yield from plan assets), dividend income, results on financial instruments that are recorded in the income statement, and the ineffective portions of the profit or loss on cash flow hedging instruments, as well as other charges related to refinancing or prepayment of certain financing arrangements.

The net financing costs are a net charge of €140.7 million in 2017 compared with €121.1 million in 2016. In 2017, this item mainly includes:

- €59.9 million in interest charges on the borrowing intended to finance the fleet carried on the balance sheet, compared with €62.0 million last year, a decline despite the substantial increase in the average rental fleet, mainly thanks to the renegotiation of the terms of the SARF in 2017;
- €41.3 million in interest expense on other borrowings (Subordinated Bonds in the Corporate debt), up from €32.2 million. This significant increase is tied to the increase in the Corporate net debt at the end of the second half of 2017 in the context of the acquisition of Buchbinder and Goldcar with the addition of a second Corporate bond in the amount of €600 million that bears interest of 4.125%. At the beginning of 2017, the Company carried only one Corporate bond in the amount of €600 million bearing interest of 5.75%, in which the Group has re-issued €125 million in June 2016 to pursue it policy of external growth; refer to the Section 1.2.2 "*Key figures and major events of the year*";
- €9.9 million related to the current amortization of the bond transaction fees; and
- €29.5 million for other financial charges, primarily related to foreign exchange differences, the cost of discounting corporate commitments, and the cost of establishing a line of financing. These expenses represent the payment of the premium on the redemption of the Bond float of €350 million in 2017 for the amount of approximately €9 million.

(j) Income tax

Income tax for the year represents current and deferred taxes, as well as the contribution on added value of the Company (*cotisation sur la valeur ajoutée*, or C.V.A.E.). Income tax is recorded in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantially enacted at the reporting date, and subject to any adjustment to tax payable in respect of previous years.

The deferred tax expense is based on the expected pattern of realization or early payment of the net book value of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

(1) The margin after variable costs corresponds to consolidated total revenues net of fleet holding costs (excluding estimated interest included in operating lease rents) and costs relating to the operation, rental and proceeds of fleet activities.

A deferred tax asset is recorded only to the extent that it is probable that future taxable profits will be available against which the tax asset can be utilized. This probability is assessed on the basis of the following:

- the existence of temporary differences that will give rise to taxation in the future; and
- forecasts of taxable profits.

Income tax increased €6.6 million, from €6.8 million in 2016 to €13.4 million in 2017. However the Group benefited from positive impacts on deferred taxes by taking into account the decrease in corporate tax rate in France from 28.92% to 25.83%.

(k) Share in the income of equity associates

The share of net profit or loss in equity associates is the portion of the profit of the entities over which the Group exerts substantial control, primarily Car2go Europe and Wanderio, and the share of the equity of Ubeeqo before the Group took exclusive control in February 2017.

The share of profit or loss of the equity associates represented a loss of €8.1 million in 2017 versus a loss of €15.8 million in 2016. This change was due to the end of equity accounting for Ubeeqo starting in the beginning of 2017.

(l) Net profit (loss)

The net result is a profit of €61.1 million in 2017 compared with a gain of €119.3 million in 2016. The increase of €10 million in Corporate EBITDA in 2017 was offset by an increase in other non-recurring income and expenses of €50 million and by the costs for renegotiations of the Bonds, leading to a decrease in net revenue compared to 2016.

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3.1.2.3 Revenue and Adjusted Corporate EBITDA by operating segment

In this Section, the revenue of each Country Subsidiary includes the income from franchise activities in the territory thereof.

(a) Europe

The table below shows (i) the distribution of the revenue generated in Europe by Country Subsidiaries and in other European countries and (ii) the Adjusted Corporate EBITDA generated in Europe for the fiscal years ended December 31, 2017 and 2016:

In millions of euros	Year ended December 31			Changes at constant exchange rates
Revenue	2017	2016	Changes	
Germany	636.8	546.8	16.5%	16.5%
United Kingdom	401.9	409.3	-1.8%	5.0%
France	378.5	365.0	3.7%	3.7%
Italy	255.0	241.6	5.5%	5.5%
Spain	263.1	242.7	8.4%	8.4%
Portugal	115.6	112.5	2.8%	2.8%
Belgium	62.6	61.1	2.4%	2.4%
Ireland	60.1	0.0		
Denmark	43.4	0.0		
Other European countries (franchises, Ubeeqo)	26.4	18.3	44.6%	44.6%
TOTAL EUROPE	**2,243.4**	**1,997.2**	**12.3%**	**13.8%**
ADJUSTED CORPORATE EBITDA (EUROPE)	**176.5**	**164.3**	**7.4%**	**8.5%**

REVENUE

The revenue of the Europe operating segment improved by 12.3% (13.8% at constant exchange rates) to reach €2,243 million. This performance is the result of a positive change in the Number of Rental Days in the InterRent® and "Leisure" segments and a negative change in the RPD resulting from a mix effect related to the growth in InterRent® revenue and the extension of the rental duration for commercial vehicles. The year was also marked by the acquisition of two franchises and a German company (Buchbinder), which made a significant contribution to boosting revenue in all segments.

Germany

The revenues generated by the Group in Germany rose 16.5% to €637 million. This progress is mainly driven by the rental day volume on the "Business" and "Leisure" segments and the "InterRent" brand. This growth in volume was offset in part by a lower revenue per rental day (RPD) on the "Business" and "Leisure" segments. The acquisition of the German company Buchbinder explains this growth which, excluding external growth, would have been 1.8%.

UK

The revenue generated by the Group in the United Kingdom increased by 5.0% at constant exchange rates to €402 million for 2017. This increase comes both from the volume in activity and the revenue per rental day (RPD). The progress in the "Leisure" segment (the most profitable business segment) offset the difficulties encountered on the "Replacement" and "SME" segments belonging to the "Business" segment. The "price" strategy bore its fruits on the "Vans & Trucks" Business Unit and on the "Business" segment. Brunel's continued growth also had a positive impact on the revenue from the United Kingdom. The position in Great Britain remains tense for temporary and structural reasons. On a structural front, Great Britain is a highly competitive and tightly priced region, which tends to drag down the market, particularly in the SME and Replacement markets. This context is intensified by Brexit which creates pressure on volumes and inflation which are hard to pass on to prices.

In the short term, problems that the Group's British subsidiary encountered in fiscal year 2017 related to billing repair costs held back economic performance by reducing the billing of certain services in the second half of the year 2017.

France

The revenue generated by the Group in France increased by 3.7% to €379 million. If we exclude Locaroise (acquired during the third quarter 2016), the revenue is stable. The changes are related to the "Business" segment and the "InterRent" brand. The "Leisure" segment is sustaining strong competition.

Italy

The revenue generated by the Group in Italy increased by 5.5% to €255 million for the fiscal year ended December 31, 2017. This growth comes from a higher volume of activity on the "Leisure" segment and on the "InterRent" brand. The prices remain almost stable except on the "InterRent" brand and the "Vans & Trucks" Business Unit where they are falling in order to harness a greater rental day volume.

This growth in revenue with a stable cost structure has allowed Italy to significantly increase its profitability.

Spain

The revenue generated by the Group in Spain increased by 8.4% to €263 million for the fiscal year ended December 31, 2017. The growth continues on the "Leisure" and "Business" segments, on the "InterRent" brand, and on the "Vans & Trucks" Business Unit in rental day volume. To sustain these high volumes, competitive pricing had to be granted on the "Leisure" segment and on the "Vans & Trucks" Business Unit.

Portugal

The revenue generated by the Group in Portugal increased by 2.8% to €115.6 million for the fiscal year ended December 31, 2017. This strong increase was equivalent on all the business segments, with the "InterRent" brand increasing more.

Belgium

The revenue generated by the Group in Belgium increased by 2.4% to €62.6 million for the fiscal year ended December 31, 2017. The "Leisure" segment is progressing in number of days without any real effect on the price.

Other European countries (franchises)

Revenue from franchise activities in other European countries (*i.e.* excluding Corporate Countries) increased by €8.1 million to €26.4 million for the fiscal year ended December 31, 2017.

ADJUSTED CORPORATE EBITDA

In 2017, the Group's Adjusted Corporate EBITDA in Europe increase by nearly €12.2 million (7.4% at reported exchange rate and 8.5% at constant exchange rates). Countries in Northern Europe, such as Germany, the United Kingdom and France, have suffered, while those in the south such as Italy, Spain and Portugal, have seen their profitability improve, sometimes strongly. The margin of Adjusted Corporate EBITDA of the Group in Europe declined by 0.4 points to 7.9%.

(B) Rest of the World

The following table shows the revenue and Adjusted Corporate EBITDA generated in the Rest of the World for the fiscal years ended December 31, 2017 and 2016:

In millions of euros	Year ended December 31 2017	2016	Changes	Changes at constant exchange rates
Revenue				
Australia and New Zealand	154.7	141.7	9.2%	8.0%
Other Rest of the World countries (Franchises)	19.7	17.8	10.8%	10.8%
TOTAL REST OF THE WORLD	**174.3**	**159.4**	**9.3%**	**8.3%**
ADJUSTED CORPORATE EBITDA	**36.6**	**33.9**	**8.0%**	**7.9%**

REVENUE

Australia and New Zealand

Group revenue in Australia and New Zealand rose 9.2% at reported exchange rate and 8.0% at constant exchange rates, totaling €154.7 million for the year ended December 31, 2017. This growth was carried by an increase in the Number of Rental Days in the Brokers segment, but RPD fell slightly.

Other Rest of the World countries (franchises)

The income from franchise activities in other Rest of the World countries climbed 9.3% at reported exchange rate (8.3% at constant exchange rates), to total €19.7 million for the year ended December 31, 2017.

ADJUSTED CORPORATE EBITDA

The Group's Adjusted Corporate EBITDA in Rest of the World was up 8.0% at reported exchange rate, and 7.9% at constant exchange rates, to total €36.6 million for the year ended December 31, 2017. This improvement in Adjusted Corporate EBITDA was brought about by the significant growth in revenue in Australia and New Zealand.

(C) Elimination and Holdings

The following table shows the revenue from the Elimination and Holdings segment and the Adjusted Corporate EBITDA corresponding to the fiscal years ended December 31, 2017 and 2016:

In millions of euros	Year ended December 31, 2017	2016	Changes
REVENUE	**-6.1**	**-5.9**	**-3.2%**
ADJUSTED CORPORATE EBITDA	**50.7**	**55.6**	**-8.9%**

REVENUE

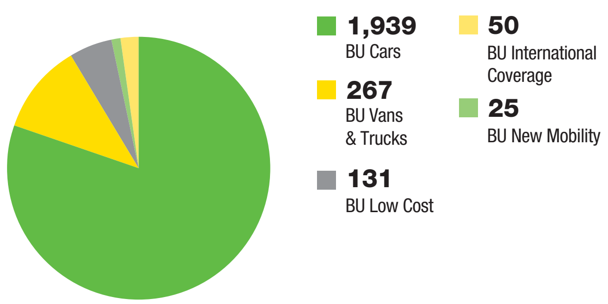
Between 2016 and 2017, revenue represented by Elimination and Holdings declined by €0.2 million to €(6.1) million for the year ended December 31, 2017. This development resulted mainly from the change in the elimination of intra-group franchise fees billed for revenue generated by the countries in 2017.

ADJUSTED CORPORATE EBITDA

The Adjusted Corporate EBITDA of Elimination and Holdings was down €4.9 million to €50.7 million for the fiscal year ended December 31, 2017 because of changes in certain intra-group transactions.

3.1.2.4 Breakdown of 2017 revenue by Business Unit

(in millions of euros)



	2017	2016	Change
BU Cars	1,939	1,809	7.2%
BU Vans	267	211	26.7%
BU Low Cost	131	81	61.0%
BU New Mobility	25	5	365.9%
BU International Coverage	50	45	12.6%
TOTAL	**2,412**	**2,151**	**12.1%**

The difference in growth levels reflects different strategies at each Business Unit: continuing growth in the Low Cost segment in all countries, a focus on Vans & Trucks with the roll-out of a specific structure and strong investment in acquisitions in the New Mobilities segment.

(a) Cars

The revenue of the Cars BU is indeed our core business, weighted at 80% of overall revenue. There was positive growth between 2017 and 2016, mainly in the countries of Southern Europe.

(b) Vans & Trucks

Revenue from the Vans & Trucks BU grew over the previous year. The revenue volumes are mainly in the countries of Northern Europe. Their performance has been driven by more rental days, but a drop in RPD, this result of pressure on prices and an increase in average rental duration. Italy and Spain are growing strongly but represent small business volumes.

(c) Low Cost

This activity is continuing growth of about 70%. The Southern European Countries, the main markets, grew greatly between 2016 and 2017. This growth generated by the volume of rental days did not take place to the detriment of RPD.

(d) New Mobility

The purchases of the Brunel and Ubeeqo companies in 2017 contributed to the strong growth in New Mobility revenue.

(e) International Coverage

Revenue for International Coverage remained stable at around €51 million: the expansion of some countries such as South Africa, Chile, Iceland and Mexico offset the decline in fees paid by the former Ireland and Denmark franchises.

3.2 THE GROUP'S LIQUIDITY AND CAPITAL RESOURCES

3.2.1 General overview

The Initial Public Offering in 2015 made it possible for the Group to reshape its capital structure and improve its corporate credit profile by allocating a portion of the revenue from the €475 million capital increase and from the issue of €475 million senior subordinated notes due 2022 paying 5.75% annual interest, completed on June 10, 2015, to the repayment of the two bond issues outstanding at the time.

In 2016, Europcar continued to work on securing and optimizing its main sources of funding. In June 2016, the Group issued a new tranche of €125 million in senior subordinated notes assimilated (*assimilables*) with the outstanding senior subordinated notes due 2022, increasing the total amount of the issuance to €600 million. In 2016, Europcar also finalized a transaction to renegotiate and optimize its Senior asset Revolving Facility (SARF). On September 14, 2016, the Group signed amendments (i) to increase the amount of the facility from €200 million to €1.3 billion to meet the additional financing needs resulting from the Group's increased activity, (ii) to improve the margin by 20 basis points, or Euribor +150 bps, and (iii) to extend the final maturity from July 2019 to July 2020. In addition, interest rate hedging instruments were restructured with improved financial conditions and were increased by €200 million to €1.2 billion. The year 2017 has been transformative for the Group's financing to support its growth and acquisitions, particularly of Buchbinder and Goldcar. On June 21, 2017, the Europcar Group increased capital through private placement at €12 per share for a gross total amount of €175 million, representing approximately 10% of the Company's share capital. On July 13, 2017, the Group signed a new senior secured Revolving Credit Facility (RCF) in the amount of €500 million due June 2022, arranged with a diversified pool of international banks. This credit line replaced the existing €350 million facility due 2020, arranged at the time of the Initial Public Offering. The Group optimized the financial conditions of this new RCF by reducing the margin by 25 basis points [(1)]. The €150 million increase in the nominal amount will allow Europcar to support its 2020 ambition and the related growing financing needs, as the 2-year maturity extension offers to the Group further visibility on its main liquidity line.

On July 13, 2017 the Group also signed a €1,040 million bridge facility with a pool of international banks, to acquire Goldcar, refinance its existing debt, and fund its fleet. This facility included two tranches: one for €440 million with a 12 months maturity (+ possible 6-month extension) intended for the acquisition of Goldcar, and the other for €600 million with a 12 months maturity (+ possible 12-month extension) intended to refinance Goldcar's existing debt and to finance its rental fleet. In order to secure longer-term funding of this acquisition, and to optimize the terms and conditions, the Group actively worked in the second half of the year on refinancing and replacing this bridge loan:

- accordingly, the first tranche of this facility was canceled upon the completion of the Goldcar acquisition on December 19, 2017, thanks to a portion of the proceeds from the new issue of corporate senior notes in the amount of €600 million due 2024, completed by the Group on November 2, 2017 ("2024 Senior Subordinated Notes"). The other portion of the proceeds from the issue, in the amount of €200 million, was allocated primarily to refinance the drawings of the RCF made to fund on September 20, 2017 the acquisition of Buchbinder. The 2024 Senior Subordinated Notes pay a 4.125% annual fixed interest rate, a significantly lower rate than the 2022 Senior Subordinated Notes issued in 2015, reflecting the continuous improvement in the Group's credit profile and investor confidence in its corporate outlook;
- the second tranche was also canceled upon the completion of the Goldcar acquisition, and replaced by a new bridge facility arranged with a pool of international banks, in the amount of €450 million and secured by Goldcar fleet assets. This facility enabled the Group to simultaneously close and refinance Goldcar's existing debt, and allows Goldcar's Fleetcos entities in Spain, Italy and France to fund the acquisition of new vehicles. Each entity has monthly drawing rights on the facility for a period of 12 months starting December 19, 2017. At the end of the 12 months, purchases of new vehicles for the Goldcar fleet should be mainly financed through the SARF.

On November 2, 2017, Europcar refinanced the Senior Secured Notes issued by EC Finance Plc ("EC Finance Notes") with a principal of €350 million, dedicated to the Group fleet financing as part of its securitization program. The new notes, repayable in November 2022 pay a 2.375% annual fixed interest rate, versus 5.125% for the previous notes issued on July 31, 2014. This significant coupon reduction reflects the improvement in the Group's credit profile, as well as recognition by investors and rating agencies of the soundness of Europcar's buy-back model. With this refinancing, the EC Finance Notes have been upgraded by two notches from S&P (from B+ to BB prior refinancing), and by one notch from Moody's (from B2 to B1 prior refinancing).

In addition to the adjustment of the debt capital structure to support the 2020 ambition, especially in terms of external growth, the successful completion of all these transactions brings other major benefits to the Group, including:

- a stronger financial structure, particularly regarding the equity level;
- a significant reduction in its interest expense on a standalone basis;
- an extension of the maturities on most of its indebtedness;
- securing its main sources of fleet financing essential for its activity; and
- the establishment of a simpler and more flexible long-term capital structure.

Due to the acquisitions completed in 2017, the Group shows a proforma corporate leverage [(2)] as of December 31, 2017 of 2.6x versus 0.9x the previous year-end, a level that is relatively low and remains well controlled by the Group thanks to its ability to generate cash flow, its strengthened equity from the IPO, and the capital increase done in June 2017.

(1) Euribor +225 bps for corporate leverage ratio below 2x and Euribor +250 bps for corporate leverage above 2x.

(2) Corporate net debt/Adjusted corporate EBITDA, pro forma over 12 months of the acquisitions completed in 2017.

Reflecting the soundness of the Group's financial structure and financial fundamentals, as well as the pertinence of its 2020 strategic plan, from which the Buchbinder and Goldcar acquisitions are part, the rating agencies Moody's and S&P respectively reaffirmed in 2017 the Group's ratings as B1 (stable outlook) and B+ (stable outlook).

3.2.1.1 Financial Resources

The Group's principal financing needs include fleet financing, working capital requirements, capital expenditure (including the financing of acquisitions), interest payments and loan repayment. The Group's principal regular sources of liquidity are its operating cash flows as well as its financing, a substantial portion of which is dedicated to and secured by the fleet and is recognized on the statement of financial position. The Group's ability to generate cash flow from its operating activities in the future will depend on its future operating performance, which depends to a certain extent on external factors including the risk factors described in Chapter 2 "*Risk factors*". The Group also has cash and cash equivalents to finance its ongoing business requirements. In addition, the Group holds cash and cash equivalents that are considered "restricted cash" when it is (i) used to cover future settlement of insurance claims or (ii) is not immediately available to finance the activity of subsidiaries. This includes, in particular, cash that is held within certain special-purpose entities set up for vehicle rental activities.

In 2017, the Group's primary sources of financing were as follows:

- *cash generated from operating activities*, which totaled €98,5 million in 2017 compared with €114.3 million in 2016. The €40.5 million decline in operating income before working capital was partly offset by decline in net working capital requirement. This positive variation of working capital requirements is mainly due to a better mix of buy-back vehicles recorded on the balance sheet, generating payables and receivables, and leasing vehicles that do not appear in the balance sheet;
- *available cash.* Cash and cash equivalents totaled €240.8 million as of December 31, 2017 (compared with €154.6 million as of December 31, 2016). The Group also has restricted cash (defined as cash used to cover the future settlement of insurance claims or cash that is not immediately available to finance the activity of subsidiaries) which totaled €104.8 million as of December 31, 2017 (compared with €105.2 million as of December 31, 2016);
- *indebtedness.* As of December 31, 2017, the total amount of the Group's consolidated gross indebtedness was €3,520 million (compared with €2,178 million as of December 31, 2016). The Group believes that €2,430 million relates to fleet financing (versus €1,734 million at the end of 2016). In this respect, this debt is essentially secured or backed by assets, primarily vehicles. In addition, to finance its fleet, the Group also uses operating leases, the outstanding amount of which totaled €1,774 million [(1)] at December 31, 2017 (compared with €1,461 million at December 31, 2016). In accordance with IFRS, this amount is not recorded on the statement of financial position. See Section 3.2.3 "*Description of financing at December 31, 2017*" of this Registration Document for a more detailed description of the Group's financing.

The Group believes that its financing needs for its daily operations in 2018 will consist primarily of its fleet financing, working capital requirements, interest expense, expenses related to IT development, and repayment of its borrowings.

3.2.1.2 Debt

As of December 31, 2017, the total amount of the Group's consolidated corporate net debt was €827 million compared with €220 million as of December 31, 2016.

On the same date, the total Fleet Net Debt, which is backed by assets, amounted to €4,061 million compared with €3,045 million as of December 31, 2016. From this amount, €2,287 million is recognized on the statement of financial position with the balance of €1,774 million corresponding to operating leases. The estimated debt related to vehicles financed under operating leases corresponds to the net carrying value of the applicable vehicles calculated on the basis of their purchase price and depreciation rates (on the basis of the contracts signed with automakers). In accordance with IFRS, this amount is not recorded on the statement of financial position balance sheet. In addition, the loan-to-value ratio (LTV) as of December 31, 2017 was 92.2% [(2)] (compared with 88.3% as of December 31, 2016).

(1) The estimated outstanding value related to the vehicles financed through operating leases corresponds to the net book value of the vehicles in question. This amount is calculated from the purchase prices and depreciation rates of the corresponding vehicles (based on contracts signed with the manufacturers).

(2) Corresponds to the net debt of Securitifleet Holding, Securitifleet companies and EC Finance plc (total of €1,082 million at the testing date) divided by the total value of the net assets on the statements of financial position of these companies (€1,174 million as of December 31, 2017).

The table below presents a breakdown of Corporate Net Debt and Total Net Debt (including the estimated value of the outstanding amount of the fleet financed through operating leases).

In euro million		At December 31 2017	2016
2024 Unsecured Senior Subordinated 4.125% Notes		600	-
2022 Unsecured Senior Subordinated 5.75% Notes		600	600
Senior Revolving Credit Facility		160	13
FCT Junior notes [1], accrued interest, capitalized costs of financing agreements and other costs [2] [3]		(270)	(203)
CORPORATE GROSS DEBT RECOGNIZED ON STATEMENT OF FINANCIAL POSITION	**(A)**	**1,090**	**410**
Short-term investments [4]			
Cash held by operating and holding entities and short-term investments [4]		(263)	(189)
CORPORATE NET DEBT RECOGNIZED ON STATEMENT OF FINANCIAL POSITION	**(B)**	**827**	**220**
2022 Secured Senior 2.375% Notes		350	350
Senior asset Revolving Facility for fleet financing		739	693
FCT Junior notes [1], capitalized costs of financing agreements and other		260	200
Fleet financing in the UK and Australia and other fleet financing facilities (including Buchbinder and Goldcar)		1,081	491
FLEET GROSS DEBT RECOGNIZED ON STATEMENT OF FINANCIAL POSITION	**(C)**	**2,430**	**1,734**
Short-term fleet investments			
Cash held by fleet-owning entities and short-term fleet investments		(143)	(150)
FLEET NET DEBT RECOGNIZED ON STATEMENT OF FINANCIAL POSITION	**(D)**	**2,287**	**1,584**
Gross debt recognized on statement of financial position	*(A) + (C)*	*3,520*	*2,144*
Net debt recognized on statement of financial position	*(B) + (D)*	*3,114*	*1,804*
ESTIMATED DEBT EQUIVALENT RELATED TO VEHICLES FINANCED UNDER OPERATING LEASES, OFF-BALANCE SHEET [5]	**(E)**	**1,774**	**1,461**
TOTAL NET FLEET DEBT INCLUDING FLEET-RELATED OFF-BALANCE SHEET COMMITMENTS	**(D) + (E)**	**4,061**	**3,045**
TOTAL NET DEBT INCLUDING FLEET-RELATED OFF-BALANCE SHEET COMMITMENTS	**(B) + (D) + (E)**	**4,888**	**3,265**

(1) The proceeds from the FCT Junior Notes subscribed by Europcar International S.A.S.U. ("ECI") provide the overall credit enhancement and, where applicable, additional liquidity. The FCT Junior Notes are used only to finance the fleet debt requirement. FCT Junior Notes are subscribed by ECI using available cash or draws on the Senior Revolving Credit Facility.
(2) For countries where fleet costs are not financed through special-purpose entities (e.g. Securitifleet entities), the cash used to finance the fleet, which could have been financed by fleet debt, is restated from the net fleet debt with a de-risk ratio.
(3) Including accrued interest not due on financial assets (Euroguard).
(4) Includes the Group's insurance program (see Section 2.6 "Internal control and risk management procedures").
(5) The estimated outstanding amount related to the fleet financed through operating leases corresponds to the net book value of the vehicles in question. This amount is calculated from the purchase prices and depreciation rates of the corresponding vehicles (based on contracts signed with the manufacturers). The Company's financial management verifies the consistency of the external information transmitted to it.

3.2.2 Analysis of cash flows

3.2.2.1 Analysis of management cash flows

The Group believes that corporate free cash flow is a useful indicator because it measures the Group's liquidity based on its ordinary activities, including net financing costs on borrowings dedicated to fleet financing, without taking into account (i) disbursements in connection with debt refinancing, (ii) financial costs which, due to their exceptional nature, are not representative of the trends in the Group's results, (iii) financial investments, and (iv) cash flows related to the fleet, analyzed separately, because the Group makes its acquisitions through asset-backed financing.

The table below shows the calculation of corporate free cash flows, as well as the grouping of certain items deemed significant in analyzing the Group's cash flow, including cash flow relating to changes in the rental fleet, in fleet-related trade receivables and trade payables, and in fleet-related financing and other facilities financing working capital requirements that are principally used for fleet-related needs. This presentation differs from the IFRS statement of cash flows primarily due to the analytic grouping carried out and the items that do not affect cash flow, which vary based on the financial indicator used as the starting point (in this case, Adjusted Corporate EBITDA, as presented below, compared with pretax profit in the IFRS statement of cash flows).

MANAGEMENT CASH FLOWS

In euro million	December 2017	December 2016
Adjusted Corporate EBITDA	**264**	**254**
Other non-recurring income and expenses	(71)	(28)
Acquisitions of intangible assets and property, plant and equipment, net of disposals	(46)	(31)
Changes in provisions and in non-rental fleet working capital requirement	(21)	(15)
Income tax paid	(35)	(23)
Corporate Free Cash Flow	**91**	**157**
Net interest paid on *high-yield borrowings*	(34)	(31)
Cash flow after payment of *high-yield interest*	**57**	**126**
Change in rental fleet, working capital requirements, fleet financing and working capital facility	35	(153)
Acquisitions and revenue from disposal of financial assets	14	(27)
Acquisitions of subsidiaries, net of cash acquired and other investment transactions	(743)	(46)
Increase in share capital	191	-
Dividends	(59)	-
(Purchases)/Sales of treasury shares	-	(5)
High-yield *Note*	600	130
Payment of financing and other costs	(25)	(6)
Increase/(decrease) in cash and cash equivalents before effect of foreign exchange differences	**70**	**19**
Cash and cash equivalents at beginning of period	*249*	*229*
Effect of foreign exchange differences	*(2)*	-
Changes in scope of consolidation	*(3)*	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**313**	**249**

Corporate Free Cash Flow

Corporate free cash flow is defined as free cash flow before the impacts of the rental fleet and acquisitions of subsidiaries. Free cash flow was reflected in the €91 million in cash generated in 2017 (compared with €157 million in 2016), also affected by non-recurring items:

- adjusted Corporate EBITDA increased by €10 million, from €254 million in 2016 to €264 million in 2017. This improved performance is explained mainly by the continued growth of revenue on all our markets, the control of our costs and processes, as well as the contribution of our acquisitions in our strategy and profitability;
- in 2017, *other non-recurring income and expenses* primarily include reorganization costs at our headquarters in Germany, expenses for the Group's various transformation projects, and fees linked to external growth transactions;
- *investments in property*, plant and equipment and intangible assets, net of the net value of disposals, which totaled €42.7 million, principally reflect IT developments primarily designed to improve the customer experience for €34.7 million and the purchase of computer equipment for €19.8 million;
- *changes in provisions and non-rental fleet working capital* represented a cash outflow of €21 million in 2017, compared with €15 million in 2016;

- *income tax paid* represented a cash outflow of €35 million in 2017 compared with €23 million in 2016, *i.e.* an increase of €12 million including reimbursements received in France and Spain for 2016.

Other components of Cash Flow

The change in the fleet recorded on the statement of financial position, fleet receivables and payables, fleet financing and working capital facility covers the following items:

- first, fleet-related impacts. Given the asset-backed financing, the net impact of the various components (change in the fleet, in working capital requirements and in fleet financing) is primarily the result of temporary lags between (i) the delivery of a vehicle and payment for this delivery, and (ii) the possibility of securitizing these vehicles and, therefore, their financing. Changes from one year to the next may thus be significant; and
- second, changes in credit facilities.

In 2017, the net impact represented a cash inflow of €35 million, compared with a cash outflow of €153 million in 2016 and is related variation of cash inflows from credit facilities linked to the fleet.

Disbursements relating to *acquisitions of subsidiaries* net of cash acquired totaled (€743.3) million in 2017, compared with €45.7 million in 2016. In 2017, these essentially corresponded to the acquisition of Goldcar (€523.7 million), Buchbinder (€123.9 million), the Danish dealership (€53.1 million), the French Lor'Rent dealership (€5.7 million), the Luxembourg InterRent dealership (€3.4 million), the Australian Queensland dealership (€1.7 million). These outflows also reflected the Group's investments in new mobility solutions, including investment in the Car2go capital increase (€10.3 million), the takeover for exclusive control of Ubeeqo (€5.2 million), the additional minority stake taken in Wanderio (€0.6 million), the purchase of an additional 20% stake in our subsidiary E-Car (€0.6 million), as well as the purchase of a minority stake in Snappcar €8 million.

In 2017 the Group issued a *new senior note* due 2024 for €600 million bearing interest at the fixed rate of 4.125%.

Finally, disbursements relating to *transaction costs* totaled €25.7 million in 2017, compared with €6.5 million in 2016, as a result of the refinancing carried out during the two years.

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3.2.2.2 Analysis of cash flows according to IFRS

The Group's principal cash flow drivers are its operating performance as reflected in its operating income before changes in working capital, cash related to financing transactions, interest on its corporate debt, cash flow relating to acquisitions and disposals of the fleet, and cash from (used by) investing activities.

	IFRS	
In euro million	**December 2017**	**December 2016**
Net cash flows generated from (used by) operations	(46.6)	(7.2)
Net cash flows used by investing activities	(772.1)	(104.1)
Net cash flows generated from (used by) financing activities	889.2	130.6
NET CASH FLOWS GENERATED FROM (USED BY) FINANCING ACTIVITIES	**70.5**	**19.3**

(A) Net cash flows generated from (used by) operations

The table below summarizes the net cash flows generated by the Group's operations for the fiscal years ended December 31, 2017 and 2016.

	IFRS	
In euro million	**December 2017**	**December 2016**
Operating income before changes in working capital	**216.6**	**257.1**
Changes in the rental fleet recorded on the statement of financial position and fleet working capital	(103.1)	(146.8)
Changes in non-rental fleet working capital	(15)	4.0
Cash generated from operations	**98.5**	**114.3**
Income Taxes Received/(Paid)	(34.8)	(22.7)
Net interest paid	(110.3)	(98.8)
NET CASH FLOWS GENERATED FROM (USED BY) OPERATIONS	**(46.6)**	**(7.2)**

CASH GENERATED FROM OPERATIONS

Cash generated from operations represented a cash inflow of €98.5 million in 2017, compared with a cash inflow of €114.3 million in 2016. The €40.5 million decline in operating income before working capital was partly offset by a €24.7 million decline in net working capital requirement.

Cash outflow from changes in the rental fleet and in fleet working capital requirement totaled €103.1 million in 2017, compared with €146.8 million in 2016. The change is due to the different mix of buy-back vehicles recorded on the balance sheet, generating payables and receivables, and leasing vehicles that do not appear in the balance sheet.

Changes in non-rental fleet working capital requirement resulted in a €15 million cash outflow in 2017, mainly reflecting the increase in other current income and expenses in the period.

INCOME TAXES RECEIVED/(PAID)

Income tax paid represented a cash outflow of €34.8 million in 2017 compared with €22.7 million in 2016, *i.e.* an increase of €12.1 million including reimbursements received in France and Spain for 2016.

NET INTEREST PAID

The increase in net interest paid, which rose from €98.7 million in 2016 to €110.3 million in 2017, is due mainly to the €125 million increase in liabilities for the notes issued in June 2016. The second corporate bond issued in the amount of €600 million in November 2017 paid out no interest in 2017.

(B) Net cash flow used by investing activities

The Group's net cash flows used by investing activities for the years ended December 31, 2017 and 2016 are analyzed below:

	IFRS	
In euro million	**December 2017**	**December 2016**
Acquisition of intangible assets and property, plant and equipment	(54.5)	(36.9)
Revenue from disposal of intangible assets and property, plant and equipment	11.8	6.1
Acquisitions and revenue from disposal of financial assets	13.9	(27.5)
Acquisition of subsidiaries, net of cash acquired	(743.3)	(45.8)
NET CASH FLOWS USED BY INVESTING ACTIVITIES	**(772.1)**	**(104.1)**

Net cash flows used by investing activities represented a cash outflow of €772.1 million in 2017 compared with €104.1 million in 2016.

Investments in property, plant and equipment and intangible assets, net of the net value of disposals, which totaled €42.7 million, principally reflect IT developments primarily designed to improve the customer experience for €34.7 million and the purchase of computer equipment for €19.8 million.

Inflows from the disposal of financial assets amounted to €13.9 million in 2017 and mainly reflect the repayment of a €15 million external loan. In 2016, acquisitions of financial assets represented a cash outflow of €27.5 million.

Disbursements relating to acquisitions of subsidiaries net of cash acquired totaled (€743.3) million in 2017, compared with €45.7 million in 2016. In 2017, these essentially corresponded to the acquisition of Goldcar (€523.7 million), Buchbinder (€123.9 million), the Danish dealership (€53.1 million), the French Lor'Rent dealership (€5.7 million), the Luxembourg InterRent dealership (€3.4 million), the Australian Queensland dealership (€1.7 million). These outflows also reflected the Group's investments in new mobility solutions, including investment in the Car2go capital increase (€10.3 million), the takeover for exclusive control of Ubeeqo (€5.2 million), the additional minority stake taken in Wanderio (€0.6 million), the purchase of an additional 20% stake in our subsidiary E-Car (€0.6 million), as well as the purchase of a minority stake in Snappcar (€8 million).

(c) Net cash flows generated from (used by) financing activities

The table below summarizes the Group's net cash flows generated from (used by) financing activities for the years ended December 31, 2017 and 2016.

	IFRS	
In euro million	**December 2017**	**December 2016**
Capital increase (net of related expenses)	190.7	-
(Purchases)/Sales of treasury shares	(0.5)	(4.8)
Exceptional distribution	(59.4)	-
Notes issued	600.0	130.6
Note redemption	-	-
Change in other borrowings	184.1	11.3
Payment of transaction costs	(25.7)	(6.5)
NET CASH FLOWS GENERATED FROM (USED BY) FINANCING ACTIVITIES	**889.2**	**130.6**

Net cash generated from financing activities represented a cash inflow of €889.2 million in 2017, compared with a cash inflow of €130.6 million in 2016. Receipts in 2016 were primarily due to the issue of the new €125 million senior note due 2022. Receipts in 2017 were primarily due to the issue of the new €600 million senior note due 2024 and to the €191 million capital increase.

3.2.3 Description of financing as of December 31, 2017

The Group uses various financing arrangements to fund the acquisition of its fleet and other general, non-fleet financing needs. The Group's corporate debt (*i.e.* the debt that is not intended to finance the fleet) is currently composed primarily of senior subordinated notes and the Senior Revolving Credit Facility (RCF) with the exception of RCF drawdowns for fleet financing. The Group's fleet financing consists primarily of the Senior Asset Revolving Facility (the "SARF") and the related securitization, Senior Secured Notes, the asset-backed Goldcar bridge facility, operating leases and facilities intended to finance the fleet in Germany, the UK, Denmark, Ireland, Australia and New Zealand. The main items comprising the Group's financial liabilities are described below, with a description of the corporate debt followed by a description of the fleet financing arrangements.

The Group's main lenders are Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, BNP Paribas, RBS, Lloyds, HSBC, Crédit Industriel et Commercial, Société Générale, Natixis, as well as Bank of America Merrill Lynch, and some of their affiliates, and others.

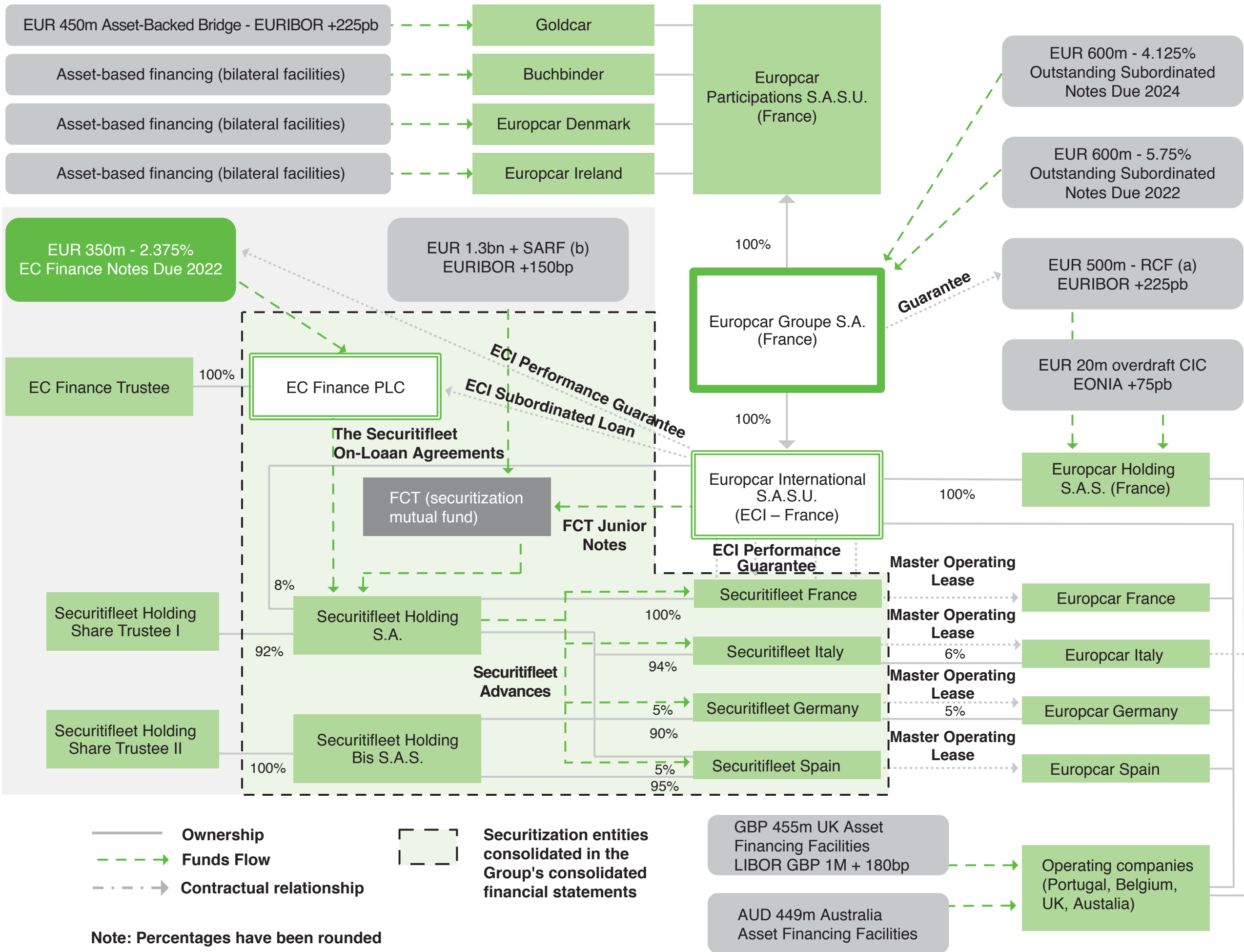
The following table presents a summary of the Group's financial debt (on-balance sheet and the estimated value of the outstanding amount for vehicles financed using operating leases) as of December 31, 2017.

Financing *(in euro million)*	**On- or off-balance sheet**	**Security or Asset-backed**	**Corporate *Debt* or Fleet Financing**	**Amount at Dec. 31, 2017**		**Interest rate before refinancing**	**Maturity**
				Current	**Non-recurring**		
2022 Senior Subordinated Notes	On balance sheet	Yes (Pledge on ECI shares held by Europcar Groupe S.A.) (Guaranteed by certain subsidiaries)	*Corporate*	-	600.0	5.75%	2022
2024 Senior Subordinated Notes	On balance sheet	Yes (Pledge on ECI shares held by Europcar Groupe S.A.) (Guaranteed by certain subsidiaries)	*Corporate*	-	600.0	4.125%	2024
Senior Revolving Credit Facility (RCF)	On balance sheet	Yes (pledge of certain assets)	*Corporate* and Fleet	160	-	Euribor plus a margin that varies on the basis of a leverage ratio (2.50% at the date of this document)	2022
Inc: dedicated to financing of the FCT Junior Notes (1)	On balance sheet	-	Fleet	143.7	-	-	2022
Capitalized costs of financing agreements	-	-	*Corporate* and Fleet	(11.5)	(26.4)	-	-
Accrued interest	-	-	*Corporate* and Fleet	7.9	-	-	-
SARF/FCT Senior Notes	On balance sheet	Yes (Securitifleet securities)	Fleet	739.8	-	Euribor plus a margin of 1.50% that varies on the basis of the financing by FCT Senior or Junior Notes and certain events (2.20% in case of certain breaches)	2020
EC Finance Notes	On balance sheet	Yes (Securitifleet securities)	Fleet	-	350.0	2.375%	2022
UK fleet financing	On balance sheet	Yes	Fleet	323.6	-	Primarily Libor +2.00%	2019
Fleet financing in Australia and New Zealand	On balance sheet	Yes	Fleet	95.8	-	Various conditions depending on the lenders	Renewed annually
Goldcar fleet financing (*Asset-Backed Bridge*)	On balance sheet	Yes	Fleet	233.9		Euribor +2.25% (margin changes with the age of the loan)	2019
Buchbinder fleet financing	On balance sheet	Yes	Fleet	206	34.9	Various conditions depending on the lenders	Renewed annually
Other liabilities (notably Portugal, Denmark, Ireland)	On balance sheet	-	Fleet	162.6	20.5	Various conditions depending on the lenders	Dates vary depending on lines
Bank overdrafts	On balance sheet	-	*Corporate* and Fleet	32.4		Eonia +0.75%	-
TOTAL GROSS DEBT RECOGNIZED ON STATEMENT OF FINANCIAL POSITION				**1,950.3**	**1,570.1**		
Estimated outstanding value of the fleet financed through operating leases (2)	Off balance sheet	-	Fleet	1,773.7	-	-	Essentially renewed annually

(1) FCT Junior Notes are issued by the FCT and subscribed by ECI, which finances them through the Group's cash and RCF draws. These notes finance the portion not financed by the SARF and the EC Finance Notes.

(2) The estimated outstanding amount related to the fleet financed through operating leases corresponds to the net book value of the vehicles in question. This amount is calculated from the purchase prices and depreciation rates of the corresponding vehicles (based on contracts signed with the manufacturers).

The following graph presents the Group's financial debt as of December 31, 2017.



In reviewing liquidity, the Group uses Corporate free cash flow as a metric.

Rating

Standard & Poor's

On July 8, 2015, following the initial public offering, the rating agency Standard & Poor's raised its long-term corporate credit rating on Europcar Groupe and its wholly owned financing subsidiary Europcar International S.A.S.U. from B to B+ with stable outlook. The agency reaffirmed its B+ rating and stable outlook in its October 16, 2017 publication along with the publication of the ratings of the Group's newly issued notes.

On October 16, 2017, Standard & Poor's also upgraded by two notches, from B+ to BB, the rating on EC Finance's issue of November 2, 2017 for €350 million in Senior Secured Notes due 2022, intended to finance the fleet.

At the same time, the agency reaffirmed its B- rating for the issue of €600 million in senior notes due 2022, the same rating as it gave to the new 2024 senior notes for €600 million issued by the Group on November 2, 2017 to finance and refinance the acquisitions of Goldcar and Buchbinder.

On October 16, 2017, the agency also reaffirmed its BB rating for the €500 million RCF arranged by Europcar Groupe in July 2017.

Lastly, in the context of the implementation of the new Standard & Poor's methodology for sovereign risk ratings within the SARF, on February 24, 2017 the agency confirmed that the SARF, which is intended for fleet financing, had retained its A rating.

Moody's

On July 7, following the Initial Public Offering, Moody's Investors Service upgraded Europcar Groupe's corporate family rating (CFR) from B3 to B1. The agency reaffirmed this rating and the stable outlook in its October 16, 2017 publication along with publication of its ratings of the Group's newly issued notes.

On October 16, 2017, Moody's upgraded EC Finance's €350 million Senior Secured Notes due 2022, intended to finance the fleet, by one notch from B2 to B1. At the same time, the agency gave a B3 rating to the new €600 million issue of senior notes due 2024, the same rating that it confirmed for the €600 million senior notes due 2022.

3.2.3.1 Corporate Debt

(A) 2022 Senior Subordinated Notes

Within the framework of the Refinancing, on June 10, 2015, Europcar Notes Limited, a limited liability special-purpose vehicle under Irish law ("**Europcar Notes Limited**"), issued senior notes for an amount of €475 million bearing interest at an annual rate of 5.75% repayable in June 2022 (the "**2022 Senior Subordinated Notes**") under the terms of a issue agreement (indenture) dated June 10, 2015 between Europcar Notes Limited, as issuer, and The Bank of New York Mellon, as trustee. The 2022 Senior Subordinated Notes were listed for trading on the Euro MTF Market of the Luxembourg stock exchange.

The revenues from the issue of these 2022 Senior Subordinated Notes were allocated to redeem in full the 2018 Senior Subordinated Notes and to pay an early redemption premium of €19 million and approximately €10 million of issuance costs, with the remainder to be used for general corporate purposes.

On June 29, 2015, the Company took on all the obligations of Europcar Notes Limited as issuer of the 2022 Senior Subordinated Notes.

On June 2, 2016, the Group announced the success of the issue of new tranche of €125 million in 2022 Senior Subordinated Notes assimilated (*assimilables*) with the outstanding 2022 Senior Subordinated Notes, increasing the total amount of the issuance to €600 million. The issue revenue of €131 million were used to finance the Group's acquisition program and to cover its general funding requirements.

GUARANTEES AND SECURITY

The 2022 Senior Subordinated Notes are secured by a second-priority security interest on ECI shares held by the Company subordinated to the first-priority security interest on ECI shares held by the Company from which lenders under the RCF benefit.

RANKING

The 2022 Senior Subordinated Notes are:

- equal in right of payment to all existing and future debts not subordinated to the payment of the 2022 Senior Subordinated Notes (including the Senior Revolving Credit Facility);
- secured by a second-priority security interest on ECI shares ranking junior to the first-priority security interest on such shares in favor of the lenders under the RCF;
- subordinated to the current and future indebtedness of the Company that is secured by the assets that do not secure the 2022 Senior Subordinated Notes (including indebtedness under the RCF and the SARF) to the extent of the value of the assets securing such indebtedness;
- effectively subordinated to all existing and future indebtedness and other liabilities (including trade payables) of each Company subsidiary that is not a guarantor of the 2022 Senior Subordinated Notes (including indebtedness under the RCF and the SARF); and
- ranked higher seniority in right of payment to all existing and future indebtedness of the Company that is expressly subordinated to right of payment to the 2022 Senior Subordinated Notes.

IN THE CASE OF OPTIONAL EARLY REDEMPTION

Before June 15, 2018, the Company may redeem early all or part of the 2022 Senior Subordinated Notes, upon not less than 10 nor more than 60 days' notice before the redemption date, at a redemption price of 100% (expressed as a percentage of par) increased by interest accrued and not paid and by additional amounts due, if applicable, on the redemption date through the payment of a make-whole premium.

Moreover, the Company may, prior to June 15, 2018, redeem early, with the net cash revenue from an equity securities issue (other than an Initial Public Offering), up to 40% of the principal amount of the 2022 Senior Subordinated Notes issued, upon not less than 10 nor more than 60 days' notice before the redemption date, at a redemption price of 105.75% of the principal amount increased by interest accrued and not paid without paying a make-whole premium, if applicable, on the redemption date, provided that:

(i) at least 60% of the principal amount of the 2022 Senior Subordinated Notes originally issued (excluding 2022 Senior Subordinated Notes held by the Company and its affiliates) remains outstanding immediately after any such redemption; and

(ii) the Company makes such redemption not more than 90 days after the issue of equity securities.

At any time after June 15, 2018, the Company may redeem early all or part of the 2022 Senior Subordinated Notes upon not less than 10 nor more than 60 days' notice before the redemption date, at the following redemption prices (expressed as percentages of the principal amount thereof), plus accrued and unpaid interest at the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on June 15 of the years set out below:

Fiscal year	Redemption Price
2018	102.875%
2019	101.438%
As from 2020	100.000%

Moreover, in the event of certain changes to tax regulations, the Company may redeem in full the 2022 Senior Subordinated Notes at a redemption price of 100% (expressed as percentages of the principal amount thereof) plus accrued and unpaid interest and any additional amounts due, if applicable, to the redemption date.

CHANGE IN CONTROL AND SALE OF ASSETS

Upon the occurrence of certain cases of change in control, 2022 Subordinated Note holders may require the Company to redeem all or part of their 2022 Senior Subordinated Notes at a purchase price equal to 101% (expressed as a percentage of par) plus accrued interest on the buy back date. The Company will be required to inform holders of the change of control and the terms of this optional buy back within 30 days of the occurrence of a change of control event. After the listing of the Company's shares, a "change of control" means any person or group of persons acting in concert (within the meaning of Article L. 233-10 of the French Commercial Code) (other than Eurazeo or a member of the Eurazeo Group) obtaining the direct or indirect control within the meaning of Article L. 233-3 of the French Commercial Code of the share capital or voting rights of Europcar Groupe.

COVENANTS

The indenture pertaining to the 2022 Senior Subordinated Notes contains covenants that will limit the ability of the Company and its subsidiaries to:

- incur additional indebtedness;
- make certain restricted payments;
- sell assets and use the revenue thereof;
- merge, make acquisitions or consolidate;
- engage in transactions with affiliates;
- create securities; and
- restrict the payment of dividends by subsidiaries.

These limitations are subject to important exceptions and qualifications. As of the date of this Registration Document, all the Company's subsidiaries are restricted subsidiaries (as defined in the indenture pertaining to the 2022 Senior Subordinated Notes).

EVENTS OF DEFAULT

The indenture pertaining to the 2022 Senior Subordinated Notes contains the customary events of default, including nonpayment of the principal or interest of the 2022 Senior Subordinated Notes, certain failures with respect to other notes under the indenture pertaining to the 2022 Senior Subordinated Notes or contracts pertaining to the collateral, failure to pay certain debts or to execute certain orders, and the bankruptcy of the Company or of a significant subsidiary or of any collateral ceasing to exist (as such terms are defined in the indenture pertaining to the 2022 Senior Subordinated Notes). The occurrence of an event of default will permit or require the accelerated repayment of all of the 2022 Senior Subordinated Notes.

(B) 2024 Senior Subordinated Notes

On November 2, 2017, Europcar Drive D.A.C., a special-purpose vehicle under Irish Law ("**Europcar Drive**"), issued Senior Notes in the amount of €600 million due November 15, 2024 and paying 4.125% annual interest ("**2024 Senior Subordinated Notes**"), under the terms of a issue agreement (indenture) dated November 2, 2017 between Europcar Drive as issuer, and The Bank of New York Mellon, London Branch as trustee, transfer and principal paying agent, and security agent for the 2024 Senior Subordinated Notes, and The Bank of New York Mellon S.A./N.V., Luxembourg Branch as Luxembourg depositary and paying agent. The 2024 Senior Subordinated Notes were listed for trading on the Euro MTF Market of the Luxembourg stock exchange.

A portion (€400 million) of the 2024 Senior Subordinated Note issue revenue was initially paid into an escrow account and was not released to the Company until the escrow was lifted concomitantly with the completion of the Company's acquisition of Goldcar on December 19, 2017. Another portion (€200 million) of the revenue from the 2024 Senior Subordinated Note issue was allocated to debt refinancing, primarily of RCF drawdowns to fund the acquisition of Buchbinder.

On December 19, 2017, the Company took on all the obligations of Europcar Drive as issuer of the 2024 Senior Subordinated Notes.

GUARANTEES AND SECURITY

The 2024 Senior Subordinated Notes are secured by a second-priority security interest on ECI shares held by the Company, subordinated to the first-priority security interest on ECI shares held by the Company from which lenders under the RCF benefit, but have the same priority as the ECI shares held by the Company that are used as collateral for the 2022 Senior Subordinated Notes.

RANKING

The 2024 Senior Subordinated Notes are:

- equal in right of payment to all existing and future debts not subordinated to the payment of the 2024 Senior Subordinated Notes (including the Senior Revolving Credit Facility);
- secured by a second-priority security interest on ECI shares ranking junior to the first-priority security interest on such shares in favor of the lenders under the RCF;
- subordinated to the current and future indebtedness of the Company that is secured by the assets that do not secure the 2024 Senior Subordinated Notes (including indebtedness under the RCF and the SARF) to the extent of the value of the assets securing such indebtedness;
- effectively subordinated to all existing and future indebtedness and other liabilities (including trade payables) of each Company subsidiary that is not a guarantor of the 2024 Senior Subordinated Notes (including indebtedness under the RCF and the SARF); and
- ranked higher seniority in right of payment to all existing and future indebtedness of the Company that is expressly subordinated in right of payment to the 2024 Senior Subordinated Notes.

IN THE CASE OF OPTIONAL EARLY REDEMPTION

Before November 15, 2020, the Company may redeem early all or part of the 2024 Senior Subordinated Notes, upon not less than 10 nor more than 60 days' notice before the redemption date, at a redemption price of 100% (expressed as a percentage of par) increased by interest accrued and not paid and by additional amounts due, if applicable, on the redemption date through the payment of a make-whole premium.

Moreover, the Company may, prior to November 15, 2020, redeem early, with the net cash revenue from an equity securities issue, up to 40% of the principal amount of the 2024 Senior Subordinated Notes issued, upon not less than 10 nor more than 60 days' notice before the redemption date, at a redemption price of 104.125% of the principal amount increased by interest accrued and not paid at the redemption date, provided that:

(i) at least 60% of the principal amount of the 2024 Senior Subordinated Notes originally issued (excluding 2024 Senior Subordinated Notes held by the Company and its affiliates) remains outstanding immediately after any such redemption; and

(ii) the Company makes such redemption not more than 90 days after the issue of equity securities.

At any time after November 15, 2020, the Company may redeem all or part of the 2024 Senior Subordinated Notes upon not less than 10 nor more than 60 days' notice before the redemption date, at the following redemption prices (expressed as percentages of the principal amount thereof), plus accrued and unpaid interest at the redemption date, if redeemed during the 12-month period commencing on November 15 of the years set out below:

Fiscal year	Redemption Price
2020	102.063%
2021	101.031%
As from 2022	100.000%

Moreover, in the event of certain changes to tax regulations, the Company may redeem in full the 2024 Senior Subordinated Notes at a redemption price of 100% (expressed as percentages of the principal amount thereof) plus accrued and unpaid interest and any additional amounts due, if applicable, to the redemption date.

CHANGE IN CONTROL AND SALE OF ASSETS

Upon the occurrence of certain cases of change in control, 2024 Senior Subordinated Note holders may require the Company to redeem all or part of their 2024 Senior Subordinated Notes at a redemption price equal to 101% (expressed as a percentage of par) plus accrued interest on the redemption date. The Company will be required to inform holders of the change of control and the terms of this optional repurchase within 30 days of the occurrence of a change of control event.

"Change of control" is understood to mean (a) a related person or group of persons (in the sense of Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934) other than Eurazeo or a member of the Eurazeo Group, obtaining direct or indirect control, in the sense of Sections 13d-3 and 13d-5 of the U.S. Securities Exchange Act of 1934, with more than 50% of the voting rights in the Company, (b) the sale in one or more transactions of nearly all assets of the Company and its subsidiaries restricted to any related person or group of persons, in the sense of Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934, other than Eurazeo or a member of the Eurazeo Group, (c) the adoption of a plan for the liquidation or winding up of the Company, or (d) ECI ceases to be a wholly owned subsidiary of the Company.

COVENANTS

The indenture pertaining to the 2024 Senior Subordinated Notes contains covenants that will limit the ability of the Company and its subsidiaries to:

- incur additional indebtedness;
- make certain restricted payments;
- sell assets and use the revenue thereof;
- merge, make acquisitions or consolidate;
- engage in transactions with affiliates;
- create securities; and
- restrict the payment of dividends by subsidiaries.

These limitations are subject to important exceptions and qualifications. As of the date of this Registration Document, all the Company's subsidiaries are restricted subsidiaries (as defined in the indenture pertaining to the 2024 Senior Subordinated Notes).

EVENTS OF DEFAULT

The indenture pertaining to the 2024 Senior Subordinated Notes contains the customary events of default, including nonpayment of the principal or interest of the 2024 Senior Subordinated Notes, certain failures with respect to other notes under the indenture pertaining to the 2024 Senior Subordinated Notes or contracts pertaining to the collateral, failure to pay certain debts or to execute certain orders, and the bankruptcy of the Company or of a significant subsidiary or of any collateral ceasing to exist (as such terms are defined in the indenture pertaining to the 2024 Senior Subordinated Notes). The occurrence of an event of default will permit or require the accelerated repayment of all of the 2024 Senior Subordinated Notes.

(C) Senior Revolving Credit Facility

The Senior Revolving Credit Facility ("**RCF**" or "**RCF Agreement**") was signed on July 13, 2017 with Banco Bilbao Vizcaya Argentaria S.A. Paris Branch, Bank of America Merrill Lynch International Limited, Banque Européenne du Crédit Mutuel, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit du Nord, Crédit Industriel et Commercial, Deutsche Bank AG, London Branch, Goldman Sachs International Bank, HSBC France, ING Bank N.V., French Branch, KBC Bank N.V., French Branch, Lloyds Bank plc, Natixis, The Royal Bank of Scotland Plc, and Société Générale (the "**RCF Lenders**").

The RCF borrowers are Europcar Groupe, ECI, Europcar Holding S.A.S, Europcar Autovermietung GmbH, Europcar France S.A.S., Europcar International S.A.S.U. & Co OHG, and Europcar IB, S.A.U. (the "**RCF Borrowers**").

The primary purpose of the RCF is to fund the Group's working capital and general requirements (including authorized acquisitions).

The RCF consists of a revolving credit facility to provide advances ("**Advances under the Senior Revolving Credit Facility**" or "**RCF Advances**") or to issue letters of credit ("**RCF Letters of Credit**") denominated, in both cases, in euros, pounds sterling, US dollars, Australian dollars or in any other currency agreed with the RCF lenders, for a maximum outstanding amount of €500 million at any time and made available, as applicable, under certain conditions, to Europcar Groupe, ECI and certain Group operating subsidiaries.

The aggregate amount of the RCF Letters of Credit issued shall not exceed €150 million. RCF Letters of Credit must expire no later than 30 calendar days before the RCF expires. The term of RCF Letters of Credit is 12 months or less or, for RCF Letters of Credit whose aggregate amounts do not exceed €50 million, 36 months or less.

Subject to terms and conditions, Europcar Groupe may apply to one or more RCF Lenders to make additional credit available provided the resulting total principal does not exceed €100 million.

GUARANTEES

Collateral have been provided by the Company, ECI, Europcar Holding S.A.S., Europcar Autovermietung GmbH, Europcar France S.A.S., Europcar International S.A.S.U. & Co. OHG, Europcar IB, S.A.U., Europcar Italia S.p.A., and Europcar UK Limited, on the understanding that so long as the Group may not, under the EC Finance Notes Indenture, obtain RCF Advances and/or RCF Letters of Credit exceeding €500 million, the amount guaranteed by ECI and its subsidiaries shall not exceed €400 million. This guarantee restriction was removed as part of the refinancing of EC Finance Notes on November 2, 2017.

Other Group subsidiaries may also, under certain conditions, guarantee the RCF in future.

INTEREST

The interest rates per annum applicable to RCF Advances are based on Euribor (or Libor or BBSW for drawings in currencies other than euros) plus an applicable borrowing margin, specifying that Euribor, Libor, or BBSW will be deemed equal to zero in the event of a negative interest rate.

The initial margin for an RCF Advance is 2.25%. The margin may be increased to 2.50% if the leverage ratio (*i.e.*, if the ratio of Total Net Debt [as defined in the RCF Agreement] to Corporate EBITDA [as defined in the RCF Agreement] over the 12 months preceding the end of the accounting quarter is greater or equal to 2.0: 1.0, and if no default has occurred or is occurring under the RCF Agreement). The margin may be decreased to 2.25% if the leverage ratio over the 12-month period preceding the end of the accounting quarter is less than 2.0: 1.0, and if no default has occurred or is occurring under the RCF Agreement.

MATURITY AND REPAYMENTS OF RCF ADVANCES

The Senior Revolving Credit Facility matures on June 9, 2022 ("**RCF Maturity Date**").

Each RCF Advance must be repaid on the last day of the interest period relating thereto but may be repaid by way of a new RCF Advance. Each RCF Advance repaid (except pursuant to a mandatory early redemption) will thereafter be available for redrawing until one month prior to RCF Maturity. All RCF Advances must be repaid at the RCF Maturity.

MANDATORY EARLY REDEMPTION

Subject to certain exceptions, the RCF will be automatically subject to mandatory early redemption and cancellation in full in the event of a "change of control" or the sale of all or of a substantial part of the Group's assets.

A "**change in control**" is deemed to have taken place if any person or group of persons acting in concert (under Article L. 233-10 of the French Commercial Code), other than Eurazeo or a member of the Eurazeo Group, obtains direct or indirect control of the capital or the voting rights of the Company.

CANCELLATION

Undrawn amounts under the RCF may be canceled by the Company at any time in whole or in part on five business days' notice on condition that the canceled amount must be for a minimum amount of €10 million.

SECURITY

The RCF is secured, subject to certain applicable limitations, by first-priority security interests on the shares of ECI and of certain direct or indirect subsidiaries of ECI (Europcar Holding S.A.S., Europcar France, Europcar UK Limited, Europcar Autovermietung GmbH, Europcar Italia S.p.A., Europcar IB S.A.U. and Europcar International S.A.S.U. & Co. OHG).

FEES AND COMMISSIONS

The Company must pay the following fees: (i) fees on the unused revolving loan commitments of the lenders, (ii) letters of credit participation fees on the outstanding amount of each Letter of Credit, (iii) the fronting fees due to the issuing bank for each Letter of Credit, and (iv) other customary fees of the RCF (including coordination fees and agents' fees).

RANKING

The RCF ranks senior to all other subordinated debt of each RCF Borrower.

The RCF ranks *pari passu* with hedging transactions in right of payment and in connection to its security (except the above-mentioned first-priority security interest on ECI shares which does not secure hedging transactions).

RCF Lenders' receivables rank *pari passu* at least equal to all other receivables of unsecured creditors.

FINANCIAL COVENANT

The RCF specifies that the Group must maintain a ratio of cash flow to total debt service of no less than 1.10: 1.

Total debt service will be defined as the aggregate of the interest and associated fees during any given 12 month period plus repayment of financial liabilities, the latter being subject to certain limitations.

COVENANTS

Subject to certain exceptions related to materiality tests, grace periods and carve-outs, the Senior Revolving Credit Facility specifies certain covenants, namely: (i) a negative security interest in respect of Group assets, (ii) a limitation on financial indebtedness, (iii) restrictions on asset disposals, and (iv) limitations on mergers, acquisitions and investments.

EVENTS OF DEFAULT

The Senior Revolving Credit Facility contains, subject to exceptions related to materiality tests, grace periods and carve-outs, a certain number of customary events of default including the following: (i) failure to pay the principal amount, interest, fees and other amounts, (ii) noncompliance with certain commitments and other obligations, (iii) substantial inaccuracy in representations and warranties, (iv) cross defaults or defaults which are accelerated with another significant debt, (v) certain cases of insolvency, (vi) the actual or presumed invalidity of any collateral or subordination clause under the terms of the Intercreditor Agreement, (vii) a significant audit qualification, and (viii) the occurrence of a significant event adversely impacting (a) the financial position of Europcar Groupe or the Group and a debtor's ability to meet its payment obligations or (b) the validity or enforceability of pledges, under certain conditions.

GOVERNING LAW

The Senior Revolving Credit Facility is governed by French law.

3.2.3.2 Debt related to fleet financing

(A) Senior asset Revolving Facility or SARF

The SARF was entered into between Crédit Agricole Corporate and Investment Bank, as "**Lending Bank**" and Securitifleet Holding as borrower.

The SARF was initially entered into on July 30, 2010 and amended on August 26, 2010, November 4, 2010, January 11, 2011 and April 5, 2012. The SARF was further amended on March 4, 2014 in certain respects, principally to (i) add two additional banks to the facility, (ii) reduce the margin of Senior Notes issued by the FCT Issuer under the facility from 2.70% to 2.2% (before the amortization period) and from 3.75% to 2.75% (after the amortization period), (iii) reduce the maximum amount of senior notes that may be issued by the FCT Issuer from €1.1 billion to €1.0 billion, (iv) provide the borrower with flexibility to request weekly advance and repayment dates rather than monthly settlement dates only, and (v) extend the maturity of the SARF from July 2014 to July 2017. The Senior asset Revolving Facility provides a committed facility of €1.0 billion to Securitifleet Holding. Drawings are made available to Securitifleet Holding (the "**SARF Borrower**") for the sole purpose of financing rental fleet acquisition and maintenance in France, Italy, Germany and Spain through the Securitifleet companies.

The additional amendments to the SARF were signed on May 12, 2015 and became effective on June 17, 2015 (the "**2015 Amendments**"). The 2015 Amendments (i) reduced the applicable margin with respect to the FCT Senior Notes from 2.2% to 1.7% (before the amortization period) and from 2.75% to 2.25% (after the amortization period), (ii) reduced the rate of non-use from 1% to 0.75% in the potential event where the rate of use would be less than or equal to 50% and from 0.75% to 0.5% in the potential event where the rate of use would be greater than 50%, (iii) extended the maturity of the SARF to the settlement date following January 2019, (iv) increased the amount of the Senior Notes which could be issued by the FCT Issuer under the SARF from €1.0 billion to €1.1 billion, and (v) enabled the participation of two new banks, Lloyds Bank and HSBC France (or, if applicable, Regency Assets Limited, its sponsored conduit supplying asset-backed commercial paper), the latter replacing Barclays Bank plc. ECI and the banks also agreed to (i) allow the sub-leasing of vehicles by a local subsidiary (namely Europcar France S.A.S., Europcar Autovermietung GmbH, Europcar Italia S.p.A. or Europcar IB S.A.) to another local subsidiary, except for Europcar Italia S.p.A., under intra-group master operating sub-lease agreements, and (ii) treat such sub-leased vehicles as eligible vehicles for the amended SARF.

New amendments to the SARF were signed on September 14, 2016 and entered into force on September 17, 2016 (the "**2016 Amendments**"). The 2016 Amendments: (i) reduced the margin and the margin applicable to the FCT Senior Notes from 1.7% to 1.5% (before the amortization period) and from 2.25% to 2.05% (after the amortization period); (ii) extended the maturity of the SARF to the payment date following January 2020; and (iii) increased the amount of the senior notes that may be issued by the FCT Issuer under the SARF from €1.1 billion to €1.3 billion.

The following additional amendments to the SARF were also signed:

(i) on February 9, 2017 to enable the securitization program to be made compliant with the new methodology published by the rating agency Standard & Poor's relating to sovereign risk (the 'Rating above the sovereign' methodology) and thus to maintain its single A rating. These amendments provide, in particular, for the inclusion of new concentration limits on rental fleets in Spain and Italy funded through the SARF;

(ii) on August 31, 2017, to adjust the limits on manufacturer concentration limits to take into account the acquisition of Opel by PSA Group.

The Lending Bank assigned its claims arising under the SARF, together with all security and ancillary rights related thereto, to the FCT Issuer which in return issued (i) "**FCT Senior Notes**" to be subscribed by Crédit Agricole Corporate and Investment Bank (or, as the case may be, LMA, its sponsored multi-seller asset-backed commercial paper conduit), The Royal Bank of Scotland plc, Société Générale, Deutsche Bank AG, London Branch, Natixis, (or, as the case may be, Magenta, its sponsored multi-seller asset-backed commercial paper conduit), BNP Paribas (or, as the case may be, Matchpoint, its sponsored multi-seller asset-backed commercial paper conduit), HSBC France (or, if applicable, Regency Assets Limited, its sponsored asset-backed commercial paper conduit), and any other entity which may subscribe for or acquire FCT Senior Notes as senior subscriber(s) in an aggregate amount of €1.3 billion (after the 2016 Amendments), and (ii) "**FCT Junior Notes**" to be subscribed for from time to time by ECI.

FINAL MATURITY DATE

The SARF will be terminated on the earlier of the following dates: (i) the settlement date in January 2020, (ii) the start of a Non-Enforcement Amortization Period (namely, the date on which a Level 1 Event of Default is declared (as defined below)), (iii) the start of an Enforcement Amortization Period (namely, the date on which a Level 2 Event of Default is declared (as defined below)), and (iv) the date on which an RCF is repaid (unless all or part of such facility is refinanced in amounts equal to or greater than the existing amount of such facility), the first of such dates being the "**SARF**

Termination Date". The final maturity date of the Senior asset Revolving Facility will be the date occurring six months after the Senior asset Revolving Facility Termination Date (the "**SARF Final Maturity Date**").

SARF ADVANCES, REVOLVING PERIOD AND AMORTIZATION PERIOD

During the period between March 4, 2014 and the SARF Termination Date (the "**SARF Revolving Period**"), advances ("**SARF Advances**") are made to Securitifleet Holding subject to the terms and conditions set out in the SARF as amended on March 4, 2014. From the Senior asset Revolving Facility Termination Date and until the SARF Final Maturity Date (the "**SARF Amortization Period**"), Securitifleet Holding is required to apply all available amounts towards the amortization of the outstanding SARF Advances in accordance with the priority of payments set out in the SF Intercreditor Agreement (as described below). All SARF Advances will be fully due and payable on the SARF Final Maturity Date.

SARF ADVANCE RATE

The SARF Advance rate (the "**SARF Advance Rate**") is determined in light of the aggregate "**Borrower Asset Value**" (as defined below in Section "*Borrower Asset Value*") of all Securitifleet companies, the credit enhancement mechanics confirmed with Standard & Poor's, and the concentration limits applicable to carmakers and vehicles as defined in the SARF, the master operating lease agreements and the terms and conditions of the FCT Junior Notes.

In particular, the SARF Advance Rate is calculated by reference to the "**Senior Asset Funding Limit**" which is sized principally on the basis of (A) the aggregate Borrower Asset Value of all Securitifleet Companies (subject to certain limitations) as the same is reduced by (B) the applicable "**Credit Enhancement Amount**". The Credit Enhancement Amount is determined by aggregating: (i) the amount determined by the application of the rate determined using Standard & Poor's Credit Enhancement Matrix applicable to the corresponding Credit Enhancement Asset, and (ii) the amount exceeding the concentration limits applicable to carmakers and vehicles defined in the SARF.

BORROWER ASSET VALUE

Drawing under the Senior Asset Revolving Facility by Securitifleet Holding will depend on the aggregate of Borrower Asset Values of all the Securitifleet Companies.

In relation to any Securitifleet Company acting as borrower under the Securitifleet On-Loan Agreements (as defined below), the Borrower Asset Value is calculated monthly as the aggregate of the following items:

- the rental fleet residual value – which comprises the aggregate residual value of the rental fleet plus capitalized costs for any purchased vehicles for which registration is pending, less any aggregate provisions for badly damaged, stolen or converted vehicles – of the rental fleet owned by the relevant Securitifleet Company;
- the amount of the vehicle provider receivables – which comprise the receivables owed to such Securitifleet Company by any car dealer or manufacturer pursuant to the relevant Securitifleet Company's disposal of any vehicle under any buy-back agreement – payable to the relevant Securitifleet Company;
- the amount of VAT receivables, which comprise any VAT repayment receivables owed or to be owed by a taxation authority to the relevant Securitifleet Company that are payable to such Securitifleet Company;

minus

- the aggregate amount of any debt outstanding and due by the relevant Securitifleet Company to vehicle providers (excluding any amount in respect of VAT related thereto) to the extent the maturity date of such payables falls after the second succeeding SARF settlement date (as defined below);
- the aggregate amount of the capitalized costs related to each rental fleet (excluding the rental fleet of Securitifleet GmbH) delivered and accounted for by a Securitifleet Company (excluding Securitifleet GmbH) but for which the corresponding invoice has not yet been received or booked; and
- the aggregate amount of all VAT payments owed by the relevant Securitifleet Company to a taxation authority in its relevant jurisdiction at such time (excluding for the avoidance of doubt such VAT payments due by Europcar Autovermietung GmbH in relation to the resale by Securitifleet GmbH of its vehicles).

MARGIN

The interest rate applicable to the FCT Senior Notes is equal to the sum of the Euribor rate applicable to the relevant interest period plus 1.50% (in each case before the SARF Amortization Period) or 2.05% (in each case during the SARF Amortization Period). In the case of breach of certain obligations (subject to reservations pertaining to their importance, the grace period and other exceptions) with respect to a rental fleet availability service agreement or a fee agreement concerning the provision of legal services in

Germany (a "DSP Material Breach"), the margin applicable to the FCT Senior Notes (for the interest periods terminating before the SARF Amortization Period) will be automatically and immediately 2.05% from the date of the DSP Material Breach until the DSP Material Breach is remedied or waived.

The interest rate applicable to the FCT Junior Notes is equal to the sum of the Euribor rate applicable to the relevant interest period plus 2.25%.

FLEET SERVICING

All Europcar operating companies in France, Germany, Spain and Italy (each an "**Operating Company**"), pursuant to servicing agreement (each a "**Servicing Agreement**"), acts as a services provider (each, in such capacity, a "**Services Provider**") in respect of the rental fleet (and other assets) owned by the related Securitifleet Company.

Implementation pursuant to the terms of a rental fleet disposal services agreement, and of an engagement letter and fee agreement regarding the provision of legal services in Germany, a disposition services provider provides certain disposition services in relation to the recovery of the fleet under certain conditions.

ECI PERFORMANCE GUARANTEE

ECI granted in favor of each Securitifleet company certain performance guarantees (together the "**ECI Performance Guarantee**") pursuant to which it guarantees as co-surety the full payment when due of all amounts (including, without limitation, rental payments under the master operating leases, interest, expenses, fees, costs, indemnities and other amounts due as a result of the non-performance or incomplete performance by the relevant Operating Company of any of its obligations) due to each Securitifleet company by the relevant Operating Company with respect to certain of their respective payment obligations, in particular under the master operating lease agreements and the management services agreements, up to an amount equal to the available cash. The benefit of the ECI Performance Guarantee was assigned in favor of the Senior Facility Lending Bank acting as the fronting bank under the SARF (but not in favor of the trustee for the 2022 Senior Subordinated Notes, 2024 Senior Subordinated Notes, or the holders of the EC Finance Notes, directly or indirectly).

In the event of default under the Senior asset Revolving Facility, the SARF borrower can be directed by the facility instructing party to call the ECI Performance Guarantee and exercise any right it is entitled to exercise in accordance with the terms of the ECI Performance Guarantee.

SECURITY

Securitifleet Holding's obligations under the SARF are secured by the Securitifleet Securities described below under Section 3.2.3.2"*Debt Related to Fleet Financing*" in section (B) "*Securitifleet Securities*" which also indirectly benefit holders of EC Finance Notes. In addition, however, the obligations of Securitifleet Holding under the Senior asset Revolving Facility are also secured by the rental fleet and receivables held against vehicle providers under manufacturer buy-back agreements in Italy and Catalonia, as well as the bank accounts of Securitifleet Italy and the shares held by Europcar Italia in Securitifleet Italia. The 2022 Senior Subordinated Notes holders and 2024 Senior Subordinated Notes holders do not benefit, either directly or indirectly, from these additional Securitifleet securities.

FEES

The SARF Borrower pays fees on the unused underwriting commitments of holders of FCT Senior Notes, documentary credit fees, and other customary fees in respect of the SARF (including arrangement fees, ticking fees and agency fees).

RANKING

The Senior asset Revolving Facility ranks senior to the Securitifleet Loan both in interest and principal and any other subordinated indebtedness of each SARF Borrower. See "SF Intercreditor Agreement".

COVENANTS

The covenants applied to Securitifleet Holding are divided into Level 1 Undertakings and Level 2 Undertakings. Any breach of a Level 1 Undertaking, which is not resolved within its applicable grace period (if relevant), shall result in a Level 1 Event of Default, and correspondingly any breach of a Level 2 Undertaking, which is not resolved within its applicable grace period (if relevant), shall result in a Level 2 Event of Default.

Level 1 Undertakings relate to delivery of financial statements, compliance with accounting policies, notification of Level 1 defaults and maintaining bank accounts with suitably rated banks. The Level 2 Undertakings include in particular (i) information obligations (including notification of a Level 2 Event of Default), (ii) the maintenance of the necessary authorizations, licenses and consents, (iii) compliance with laws and regulations, in particular tax laws, (iv) a negative pledge regarding the assets or business of Securitifleet Holding, (v) restrictions on the granting of loans by Securitifleet Holding, (vi) a limitation on the financial indebtedness of Securitifleet Holding, (vii) a limitation on the granting of guarantees by Securitifleet Holding, (viii) restrictions on the rights of Securitifleet Holding as shareholder of certain Securitifleet companies, and (ix) the maintenance of bankruptcy-remoteness criteria including restrictions on mergers.

The SARF also provides for two levels of representations and warranties. The Borrower Level 1 Representations and Warranties relate to the accuracy of historical financial statements, ranking, no conflicts, and no events of default and no withholding. The Borrower Level 2 Representations and Warranties relate to other representations and warranties.

EVENTS OF DEFAULT

There are two levels of event of default under the Senior asset Revolving Facility Agreement:

(i) a "**Level 1 Event of default**" which, subject to any agreed exceptions, materiality tests, grace periods and carve-outs, consists of: (i) misrepresentations made under borrower Level 1 Representations and Warranties, (ii) breach of any Level 1 Undertaking, and (iii) the replacement of the Lending Bank without a replacement assignee bank being appointed; and

(i) a "**Level 2 Event of default**" which, subject to any agreed exceptions, materiality tests, grace periods and carve-outs, consists of: (i) non-payment of amounts due under the SARF, (ii) misrepresentations made under borrower Level 2 Representations and Warranties, (iii) the violation of any Level 2 Undertaking, (iv) the occurrence of an insolvency event of Securitifleet Holding, (v) enforcement of security or security ceasing to be valid, binding and enforceable or losing the benefit of a priority ranking, (vi) the occurrence of a material adverse change affecting Securitifleet Holding, (vii) any audit qualification by the Statutory Auditors concerning Securitifleet Holding's financial statements to the extent it materially adversely changes the current or future value of Securitifleet Holding's assets, (viii) breaches relating to Securitifleet Holding's obligations under Securitifleet shareholder arrangements and to compliance with the recommendations made by the Senior Facility Lending Bank or the FCT Issuer as part of its consultation procedure, (ix) misrepresentations and/or breaches by Securitifleet Holding in relation to any security or encumbrance, (x) acceleration under the Senior Revolving Credit Facility of the outstanding EC Finance Notes, 2022 Senior Subordinated Notes or 2024 Senior Subordinated Notes, and (xi) termination or breach of any material operating license.

The occurrence of a Level 1 Event of Default will commence a "**Non-Enforcement Amortization Period**" during which, in particular:

(i) any outstanding advance will become a term advance repayable on a monthly basis during the amortization period *via* all cash collections received;

(ii) each Securitifleet company will be prohibited from ordering new vehicles from vehicle providers and granting new advances under the SARF; and

(iii) each Operating Company, acting as lessee under the relevant master operating lease agreement and an intra-group sub-lease agreement, due to the prohibition that applies to Securitifleet Companies, will be prohibited from:

- extending the duration of any base operating lease or sub-lease in force on the amortization period commencement date, and
- entering into any new base operating lease or sub-lease with the relevant Securitifleet Company or Operating Company.

The occurrence of a Level 2 Event of Default will trigger an "**Enforcement Amortization Period**" during which (i) the relevant instructing party will be entitled to accelerate all advances granted to Securitifleet Holding in accordance with the provisions of the SF Intercreditor Agreement, and (ii) all securities granted to the FCT Issuer will be enforceable in accordance with the provisions of the SF Intercreditor Agreement.

GOVERNING LAW

The Senior asset Revolving Facility Agreement is governed by French law.

(B) Securitifleet Securities

The undertakings of Securitifleet Holding under the SARF together with its obligations to repay the revenue of the EC Finance Notes to EC Finance Plc (as defined below) under the borrowing agreement (the "**Securitifleet Loan**") are secured directly and indirectly by:

- a first priority security interest on the shares of Securitifleet Holding held by ECI;
- a first priority security interest on the shares in each of the Securitifleet Companies (other than shares held by Europcar Italy in Securitifleet Italy);
- a first priority security interest on receivables held by Securitifleet Holding in respect of each of the Securitifleet companies (other than in respect of Securitifleet Italy);
- a first priority security interest on the balances in Securitifleet Holding's bank accounts;
- a first priority security interest on certain receivables (including under buy-back agreements from carmakers) of each of the Securitifleet Companies (other than Securitifleet Italy), with certain exceptions in Spain; and
- a first priority security interest on certain assets (including bank account balances and the rental fleet) of each Securitifleet Company from time to time (other than Securitifleet Italy), with certain exceptions in Spain.

All above-mentioned assets subject to security interests are collectively referred to herein as the "**Securitifleet Securities**". The Securitifleet Securities secure the

Senior asset Revolving Facility and the Securitifleet Loan on a shared *pari passu* basis and enforcement revenue from such collateral will be paid first to the senior lenders under the Senior asset Revolving Facility pursuant to the amortization priority of payments in the SF Intercreditor Agreement. Such senior lenders, in addition, benefit from direct security over the assets of Securitifleet Italy. The holders of the EC Finance Notes indirectly benefit only from a negative pledge in respect of the assets of Securitifleet Italy.

The security agent for the EC Finance Notes acts as agent for the trustee for the EC Finance Notes and the holders of such EC Finance Notes in respect of the EC Finance Notes Securities (as defined below). A common security agent acts as the agent for the SARF creditors and the EC Finance Notes trustee and as the security agent for the EC Finance Notes and the holders of EC Finance Notes in respect of the shared Securitifleet Securities and in accordance with the provisions of the SF Intercreditor Agreement.

(c) Securitifleet Loan Agreements

Securitifleet Holding acts as the financing entity for the rental fleet purchasing and leasing activities of the Securitifleet Companies. Securitifleet Holding has used the revenue from funding under the Securitifleet Loan related to the EC Finance Notes, together with drawings under the SARF, to on-lend, directly or indirectly, as required by certain local and national jurisdictional limitations, said amounts to the Securitifleet Companies (each such transaction a "**Securitifleet Advance**") under the "**Securitifleet On-Loan Agreements**".

Securitifleet Holding has entered into revolving credit facilities with Securitifleet Spain, Securitifleet Italy, Securitifleet France and Securitifleet Germany pursuant to which Securitifleet Holding has advanced funds to them from time to time.

Except as otherwise required by law, all payments under the Securitifleet Advances are made without deductions or withholding for, or on account of, any applicable tax. In the event that any Securitifleet company is required to make any such deduction or withholding, it is further required to gross-up each payment to Securitifleet Holding to ensure that Securitifleet Holding receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

Each Securitifleet On-Loan Agreement provides that the Securitifleet Companies will make all payments pursuant thereto on a timely basis in order to ensure that Securitifleet Holding can satisfy its payment obligations under the Senior asset Revolving Facility and the Securitifleet Loan, taking into account administrative and timing concerns and limitations, including under the SF Intercreditor Agreement. As the SF Intercreditor Agreement only permits payments to be made on a settlement date falling on the 17th of each month, semi-annual interest payments on the EC Finance Notes are funded by Securitifleet Holding to ECF on the settlement date preceding the relevant semi-annual interest payment date on the EC Finance Notes (which is on the first of the following month). ECF is permitted to invest such funds in highly-rated liquid securities held in an account pledged for the benefit of the EC Finance Note holders. Any surplus funds in such account following an EC Finance Notes interest payment date may be remitted to Securitifleet Holding for investment in the Securitifleet Companies. Pursuant to the ECI Subordinated Loan, ECI has the option to extend to ECF amounts sufficient to enable ECF to satisfy its payment obligations under the EC Finance Notes that are not funded through payments on the Securitifleet Loan.

Each Securitifleet Company has been created with a limited corporate purpose and is required by the terms of the Securitifleet On-Loan Agreements to which it is a party, which incorporate limitations substantially similar to those provided in the EC Finance Notes Indenture (as defined below), to use the proceeds of the relevant Securitifleet Advances made available under its Securitifleet On-Loan Agreement to acquire and lease vehicles to the Europcar operating company in its jurisdiction.

(d) FCT Junior Notes

The revenue from the FCT Junior Notes subscribed by ECI set forth the overall credit enhancement and, as applicable, the remuneration of the FCT accounts (in the event of a negative interest rate being applicable to these accounts) as well as an additional liquidity requirement, which is an amount determined by application of a fixed percentage of the rental fleet residual value (which, for each Securitifleet Company, is comprised of the aggregate residual value of a given Securitifleet Company's rental fleet plus capitalized costs for any purchased vehicles for which registration is pending, less any aggregate provisions for badly damaged or stolen vehicles or vehicles the value of which has decreased significantly, with the amount equal to the product of the percentage of the loss adjustments and the residual value of the fleet being deducted), to the amount of the securitization financing (as defined below) at the level of the FCT Issuer, on a cross-collateralized basis among all the Securitifleet Companies (including any residual risk, such as interest rate risk). The amount and rate of the credit enhancement and liquidity required amount is calculated monthly (such amount being adjusted on the date on which each advance is made under the Senior asset Revolving Facility) and is applied towards the determination of the amount of the FCT Junior Notes to be issued in connection with each advance drawdown from time to time under the Senior asset Revolving Facility on the basis of the advance rate and the liquidity required amount.

The FCT Junior Notes are issued for a nominal amount of €1,000. They accrue interest on the basis of the nominal amount issued for each interest period which ends on each settlement date. The amount of interest due on each settlement date for each FCT Junior Note is calculated on a date immediately preceding this settlement date as follows:

(A) an amount equal to (i) the sum of all interest amounts due to be received under the SARF Agreement on such settlement date; plus (ii) the swap floating amount due to the FCT Issuer by the swap counterparties on such settlement date, (iii) the aggregate interest amount accrued on a liquidity enhancement cash reserve account and an Italian withholding tax reserve account up to such calculation date; plus (iv) the FCT "Additional Amount" due to be paid by Securitifleet Holding to the FCT on such settlement date (being an amount payable by Securitifleet Holding to the transaction administrator for the account of the FCT Issuer, deemed to be €140,000 per month, subject to certain modifications); less (v) the swap fixed amount due to be paid by Securitifleet Holding to any swap counterpart on that settlement date; less (vi) the aggregate of all **Senior Note** coupons due to be paid in relation to all Senior Notes on such settlement date; divided by

(B) the aggregate outstanding amount of all Junior Notes; multiplied by

(C) the principal outstanding amount of such Junior Notes.

(E) EC Finance Notes

On November 2, 2017, EC Finance plc ("**ECF**") issued 2.375% Senior Secured Notes for a principal amount of €350 million due 2022 (the "**EC Finance Notes**"). The EC Finance Notes are admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

The EC Finance Notes were issued pursuant to an issue agreement (indenture), dated as of November 2, 2017 (the "**EC Finance Notes Indenture**") between ECF as issuer, the Company and ECI as guarantors, The Bank of New York Mellon, London Branch as trustee, transfer and principal paying agent for the EC Finance Notes sureties, and The Bank of New York Mellon SA/NV, Luxembourg Branch as depositary and Luxembourg transfer and paying agent. The EC Finance Notes are obligations of ECF, and are guaranteed by the Company and ECI on a senior unsecured basis.

The revenue from the issue of those EC Finance Notes have been allocated to the repayment in full of the ECF notes issued on July 31, 2014 with a principal of €350 million repayable in 2021 and paying 5.125% annual interest.

Under the Securitifleet Loan agreement between ECF and Securitifleet Holding, the Securitifleet Loan funding was made available to Securitifleet Holding in an amount equal to the aggregate principal amount of the EC Finance Notes. Securitifleet Holding then makes Securitifleet Advances to Securitifleet Companies. ECF and ECI entered into the "**ECI Subordinated Loan**" pursuant to which ECI has the option to extend to ECF amounts sufficient to enable ECF to satisfy its payment obligations under the EC Finance Notes that are not funded through payments on the Securitifleet Loan.

GUARANTEES

The EC Finance Notes are guaranteed on a senior unsecured basis by the Company and by ECI (the "**Guarantees**"). The Guarantees form part of the Company's and ECI's general Senior Notes, and therefore have the same payment priority as all Company and ECI existing and future debts whose repayments are not subordinated to specific Guarantees or calls on Guarantees. The Guarantees rank senior in right of payment to all existing and future indebtedness of the Company or ECI that is subordinated or otherwise junior in right of payment to the Guarantees.

The Guarantees are subordinated to any existing or future debt and any other liabilities of the Company or ECI secured by the property and assets of the Company or ECI and its subsidiaries to the extent of the value of the property and assets securing this debt, including the Senior Revolving Credit Facility and certain fleet financing contracts. In the event of bankruptcy or insolvency, the secured lenders have a priority claim over all securities of the Company or ECI securing the debt they hold.

The obligations of Securitifleet Holding under the Securitifleet Loan are secured directly or indirectly by the Securitifleet Securities. See Section 3.2.3.2 "*Debt Related to Fleet Financing*" in section (B) "*The Securitifleet Securities*".

RANKING

The EC Finance Notes:

- are general senior notes of ECF;
- are guaranteed on a senior unsecured basis by the Company or ECI;
- rank equally in right of payment with all existing and future indebtedness of ECF that is not subordinated in right of payment to the EC Finance Notes; and
- rank senior in right of payment to all existing and future indebtedness of ECF that is subordinated or otherwise junior in right of payment to the EC Finance Notes.

SECURITY

EC Finance Notes benefit directly from the security interests granted to the notes security agent on behalf of the EC Finance Notes trustee and of holders of the EC Finance Notes (the "**EC Finance Notes Securities**") in the following rights, property and assets:

- the balance in English bank accounts of ECF and ECF's rights under the ECI Subordinated Loan; and
- ECI's rights under the Securitifleet Loan.

As lender of the Securitifleet Loan, ECF (and indirectly the EC Finance Note holders) also benefits, indirectly, from the Securitifleet Securities. See Section 3.2.3.2. "*Debt Related to Fleet Financing*" in section (B) "*The Securitifleet Securities*".

EVENT OF EARLY REDEMPTION

Before November 15, 2019, the Company may redeem early all or part of the EC Finance Notes, upon not less than 10 nor more than 60 days' notice before the redemption date, at a redemption price of 100% (expressed as a percentage of par) increased by interest accrued and not paid, if applicable, on the redemption date through the payment of a make-whole premium.

Moreover, the Company may, prior to November 15, 2019, over the course of each 12-month period starting November 2, 2017, redeem early, with the net cash proceeds from an equity issue, up to 10% of the amount of the EC Finance Notes issued, upon not less than 10 nor more than 60 days' notice before the redemption date, at a redemption price of 103.0% of the principal amount increased by interest accrued and not paid at the redemption date.

Moreover, the Company may, prior to November 15, 2019, redeem early, with the net cash revenue from an equity securities issue, up to 40% of the principal amount of the EC Finance Notes issued, upon not less than 10 nor more than 60 days' notice before the redemption date, at a redemption price of 102.375% of the principal amount increased by interest accrued and not paid, provided that:

(i) at least 60% of the principal amount of the EC Finance Notes originally issued (excluding EC Finance Notes held by the Company and its affiliates) remains outstanding immediately after any such redemption; and

(ii) the Company makes such redemption not more than 90 days after the consummation of any such equity securities offering.

At any time after November 15, 2019, the Company or ECF may redeem all or part of the EC Finance Notes upon not less than 10 nor more than 60 days' notice before the redemption date, at the following redemption prices (expressed as a percentage of par), plus accrued and unpaid interest at the redemption date, if redeemed during the 12-month period commencing on November 15 of the years set out below:

Year	Redemption Price
At November 15, 2019	101.188%
At November 15, 2020	100.594%
Starting November 15, 2021	100.000%

In addition, in the event that the Company or ECI becomes obligated to pay additional amounts (as defined in the EC Finance Notes Indenture) to EC Finance Note holders as a result of changes affecting withholding taxes applicable to payments on the EC Finance Notes, the Company or ECI may redeem the EC Finance Notes in whole (but not in part) at any time at a price equal to 100% of the principal amount of the EC Finance Notes plus interest accrued and unpaid at the redemption date.

Any optional redemption made under this Section shall be irrevocable.

CHANGE OF CONTROL AND ASSET SALES

Upon the occurrence of certain change of control events, each holder of the EC Finance Notes may require ECF or the Company to repurchase all or a portion of its EC Finance Notes at a purchase price equal to 101% of par, plus interest accrued and unpaid at the redemption date. ECF or the Company must inform holders of the change of control and the terms of this optional redemption within 30 days of the occurrence of a change of control event.

"Change of control" is understood to mean (a) a related person or group of persons (in the sense of Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934) other than Eurazeo or a member of the Eurazeo Group, obtaining direct or indirect control, in the sense of Sections 13d-3 and 13d-5 of the U.S. Securities Exchange Act of 1934, with more than 50% of the voting rights in the Company, (b) the sale in one or more transactions of nearly all assets of the Company and its subsidiaries restricted to any related person or group of persons, in the sense of Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934, other than Eurazeo or a member of the Eurazeo Group, (c) the adoption of a plan for the liquidation or winding up of the Company, or (d) ECI ceases to be a wholly owned subsidiary of the Company.

COVENANTS

The EC Finance Notes Indenture contains covenants that, among other things, limit the ability of ECF, ECI, Securitifleet Holding, Securitifleet Companies and their restricted subsidiaries to:

- respect a maximum loan-to-value ratio of all Securitifleet companies' indebtedness over the total value of certain of the Securitifleet Companies' assets of 95%, compliance to be tested on a quarterly basis;

- respect covenants limiting the activities of ECF and the Securitifleet Companies;
- incur additional indebtedness;
- make restricted payments, including dividends or other distributions;
- create certain securities;
- sell assets;
- in the case of restricted subsidiaries, enter into arrangements that restrict dividends or other payments to the Company;
- in the case of restricted subsidiaries, guarantee or secure debt;
- engage in transactions with affiliates;
- consolidate, merge or transfer all or substantially all of the Company's assets and the assets of its subsidiaries on a consolidated basis; and
- take any action that would materially impair the security interest.

These covenants are subject to important exceptions and qualifications. Currently, all of the subsidiaries of ECF, ECI, Securitifleet Holding and Securitifleet Companies are restricted subsidiaries (as defined in the EC Finance Notes Indenture).

EVENTS OF DEFAULT

The EC Finance Notes Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the EC Finance Notes, certain failures to perform or observe any other obligation under the EC Finance Notes Indenture or security documents, the failure to pay certain indebtedness or comply with judgments and the bankruptcy or insolvency of ECF, ECI, a Securitifleet Company or a significant subsidiary. The occurrence of any default event would permit or require the acceleration of all obligations outstanding under the EC Finance Notes Indenture.

SF INTERCREDITOR AGREEMENT

In connection with entering into the SARF and the issuance of the EC Finance Notes, an intercreditor agreement was entered into with, *inter alia*, the Senior Facility Lending Bank under the SARF and the trustee for the EC Finance Notes on July 30, 2010, which agreement was amended on March 4, July 31, 2014, May 12, 2015, September 14, 2016, and again on November 2, 2017 (the "**SF Intercreditor Agreement**").

The SF Intercreditor Agreement sets out, among other things:

- the relative ranking of certain of Securitifleet Holding's debt;
- when payments can be made in respect of Securitifleet Holding's debt;
- when and under what terms enforcement action in respect of this debt can be taken;
- the terms on which any part of this debt will be subordinated upon the occurrence of certain insolvency events;
- dispositions related to revenue;
- security amendment principles setting out when security and guarantees may be modified by the common security agent without prior consent from the trustee or holders of EC Finance Notes; and
- limitations to any petition action in certain time periods and to the recourse which may be taken against Securitifleet Holding and any of the Securitifleet companies.

(F) Substantial Operating Leases

The Group finances a portion of its fleet in all of its Corporate Countries through operating leases. The Group has entered into large framework operating lease agreements, respectively, with financial institutions and the financing arms of the Group's main car suppliers, which are negotiated at a Group level.

The Group's main operating leases are described below.

CM-CIC AGREEMENTS IN GERMANY AND BELGIUM

The operating lease agreements with CM-CIC are the Group's main operating leases with financial institutions. The Group's German Operating Company and CM-CIC Leasing GmbH, Frankfurt/Main entered into a vehicle sale and leaseback master agreement dated January 30, 2009 (as amended from time to time), for a term of three years, for the sale and leaseback of vehicles to be purchased from the manufacturers Volkswagen AG, Audi AG, Seat Deutschland GmbH, SkodaAuto Deutschland GmbH, Volkswagen AG Marke Volkswagen Nutzfahrzeuge and Volkswagen Gebrauchtfahrzeughandels- und Service GmbH under certain purchase agreements. Over the course of 2011, the line of credit was extended to Belgium and France with a volume of up to €500 million. Local operating leases were entered into by CM-CIC and Europcar entities in France and Belgium. The parties agreed to extend the term of the line of credit for Germany and Belgium until the end of 2014 and to reduce the line to €410 million; the maturity of the line was further extended to mid-2015. In August 2015, the parties entered into a global framework agreement setting out the general terms and conditions of the leases until mid 2016 which have been supplemented by local lease contracts. Amendments to leases were signed on June 30, 2016 to extend the repayment date of the global line of credit until December 31, 2017. New amendments were signed on January 1, 2018 to extend the expiry date of the line of credit to December 31, 2019 and reduce the applicable margin.

OPERATING LEASES WITH CAR MANUFACTURERS' FINANCIAL ENTITIES

Europcar International S.A.S.U. and some of the Group's main car suppliers, such as Daimler, Volkswagen, Fiat and Renault have put in place, at the local level, operating leases between the Group's local operating companies and the car suppliers' financial entities. These operating leases are entered into on the basis of a detailed fleet plan per country agreed between the parties. These agreements roll on a yearly basis.

In addition, the Group has entered into several base operating leases for the purpose of purchasing and leasing activities of the rental fleet.

(G) Interest rate swap contracts and cap contracts

As at the date of this Registration Document, the Group has entered into two interest rate swap contracts and two cap contracts.

The first interest rate swap contract was originally entered into by the Group in December 2010. Under this swap contract, as amended several times over the years, the Group pays a fixed interest of between 0.284% and 0.744% of the nominal amount of €1 billion (*i.e.*, an average interest rate of 0.642%) and receives interest equal to 1 month Euribor. The termination date of this swap contract is fixed at July 17, 2019.

On September 15, 2016 the Company amended the swap contract in order to extend the termination date of July 17, 2019 to October 17, 2020 (the "**Extension Period**") and to lower the average interest rate payable to 0.516%.

In July 2011, the Group entered into the second interest rate swap contract, with a start date of December 19, 2011. Pursuant to this swap contract, amended several times over the years up to the date of this Registration Document, the Group pays interest at a fixed rate of 1.099% on the outstanding nominal amount of €0.6 billion and receives interest equal to 6 month Euribor. The termination date of this contract is July 19, 2020.

On August 4, 2016, the Company amended this swap contract in order to extend the termination date of July 19, 2020 to June 19, 2021 and to lower the interest rate payable to 0.96%.

On September 16, 2016, the Company entered into two interest rate cap contracts each with a nominal of €100 million terminating on October 17, 2020 to meet the increase of €200 million to the SARF amount made in September 2016, and by which the Company is hedged against an increase in the 1 month Euribor floating rate above 0%.

(H) Facilities for fleet financing in the UK

The Group currently finances its fleet in the UK on a stand-alone basis through its UK subsidiaries including Europcar Group UK Limited ("**ECGUK**"), Europcar UK Limited ("**ECUK**"), and certain subsidiaries of ECUK, pursuant to one facility in the form of an overdraft (for an amount of £5 million) and five finance lease or operating lease facilities (for a total amount of £455 million).

The following table presents the Group's fleet financing in the United Kingdom, described below.

Financing	On- or off-balance sheet	Security or Asset-Backed	Term/ Maturity	Amount drawn down as at Dec. 31, 2017 *(in GBP million)*	Amount available as at Dec. 31, 2017 *(in GBP million)*	Interest Rate
Club Facility	On balance sheet	Yes (financed fleet and other assets)	2019	287 (approx. €324 million)	112.9 (approx. €126 million)	Libor +2.00%
Lex *Autolease Facility*	Off balance sheet	Yes (title over the financed fleet)	2019	4.5 (approx. €5.1 million)	50.5 (approx. €56.9 million)	Libor +2.00%
Lloyds Facility						
Overdraft Facility	On balance sheet	Yes (title to financed fleet and other assets)	Reviewed annually	0.0	5.0 (approx. €5.6 million)	Libor +1.75%

THE "CLUB" FACILITY

On October 1, 2014, ECUK entered into a funding agreement (the "**Club Funding Agreement**") with Lombard, United Dominion Trust, HSBC and GE Capital (hereafter the "**Club Funders**") pursuant to which the Club Funders granted to ECGUK, as hirer (the "**Club Hirer**"), a £425 million aggregate facility, to finance the purchase of the Group's UK fleet vehicles. On September 20, 2016, an amendment to the Club Facility was signed in order to extend the maturity by one year to October 2019, to lower the margin by 20 bps, *i.e.* Libor +180 bps, and to reconfigure the banking syndicate (exit of GE Capital Equipment Finance Limited and entry of Santander Asset Finance Plc by conversion and increase of the previously independent

Santander Facility, signed on October 10, 2014 for an initial amount of £30 million). Further amendments were signed on July 20, 2017 and October 6, 2017 to modify the legal documentation and general convenants. These included a 20 bps adjustment of the margin, *i.e.* Libor +200 bps. The amount of the Club Facility is now £400 million, together with an uncommitted "Seasonal Facility" of £100 million, provided by the banks participating in the Club Facility, in each year between the months of May and October. The Club Facility brings together the following four funding facilities entered into on a bilateral basis:

- £150 million under the funding facility entered into with Lombard North Central PLC;
- £100 million under the funding facility entered into with HSBC Equipment Finance Limited;
- £100 million under the funding facility entered into with United Dominion Trust Limited; and
- £50 million under the funding facility entered into with Santander Asset Finance Plc.

The Club Funding Agreement was initially entered into for a term of three years, with two successive options for one year extensions exercisable on the first and second anniversaries of the date of the agreement. Under the amendment entered into on September 20, 2016, ECG UK exercised its second extension option, having exercised the first option on October 1, 2015. The obligations of the Club Hirer under the Club Facility are guaranteed by ECUK, PremierFirst Vehicle Rental EMEA Holdings Limited, PremierFirst Vehicle Rental Holdings Ltd., PremierFirst Vehicle Rental Franchising Ltd. and Provincial Assessors Ltd. (collectively the "**Club Guarantors**").

SECURITY

The Club Hirer's obligations under the facility are secured by way of: (i) a title in the assets funded, (ii) fixed charges on the bank account into which such revenue is paid, (iii) guarantees from the Club Guarantors, (iv) debentures from the Club Hirer, PremierFirstVehicle Rental Franchising Limited, and Provincial Assessors Limited, and (v) a security assignment of the manufacturer's buy-back commitments relating to assets funded by the Club Vehicle Funders.

COVENANTS

The facility contains affirmative and negative covenants customary for this type of facility including restrictions on creation of security interests over the assets of certain members of ECGUK, the periodic delivery of financial and other information, and certain financial covenants and fleet tests.

In particular, ECUK must ensure that:

- the net assets of ECGUK are not less than £60 million;
- the ratio of earnings before interest, tax, depreciation, amortization and impairment expense to fixed charges must not be less than 1.00; and
- the ratio of coverage of the fleet must be no more than 1.00.

As at December 31, 2017, ECUK complied with all these financial covenants.

Subject to certain permitted exceptions, the facility also includes restrictions on making distributions (including by way of dividend).

EVENTS OF DEFAULT

The facility contains events of default customary for these types of agreements, including, (i) breach of the terms of the Club Funding Agreement, (ii) breach of certain other funding or rental agreements, (iii) insolvency and cross default provisions, (iv) repayment default and (v) non-compliance with covenants.

THE LEX AUTOLEASE FACILITY

On October 1, 2014 ECGUK entered into a master finance lease with Lex Autolease Limited to finance the purchase of the Group's UK fleet vehicles via an operating lease with a credit facility of £55 million. The master finance lease ends on December 31, 2019.

The borrowers' obligations under the new Lex Autolease facility is secured by way of title in the assets funded. The facility contains affirmative and negative covenants customary for this type of facility. The facility also contains customary events of default for this type of facility.

THE LLOYDS FACILITIES

On October 1, 2014, ECGUK entered into two working capital facilities with Lloyds: an overdraft with a limit of £5 million and a revolving credit facility with a limit of £15 million.

The overdraft (the "Overdraft Facility") was renewed in 2016 and in 2017, in contrast to the revolving credit facility that terminated on September 29, 2016, and has not been extended.

THE OVERDRAFT FACILITY

On October 1, 2014, ECGUK and PremierFirst Vehicle Rental Holdings Limited, as borrowers, and Lloyds, as lender, entered into an overdraft facility agreement pursuant to which Lloyds provided a £5 million net/£10 million gross overdraft facility to ECGUK and certain of its subsidiaries for general overdraft purposes (the "**Overdraft Facility**"). Lloyds reviews the facility periodically and at least once a year.

Interest is payable on all advances under the Overdraft Facility at the annual rate which is the sum of the then applicable margin, Libor and the mandatory costs (if any). In addition to the interest charges, commitment fees are payable. Interest is payable on all amounts owing under the Overdraft Facility at the annual rate which is the sum of the applicable margin and the then applicable base rate.

The Overdraft Facility may be canceled by Lloyds at any time and all outstanding advances, together with accrued interest, may become immediately due and payable.

On the occurrence of certain events, including a change of control, the Overdraft Facility may be canceled and all outstanding advances, together with accrued interest, may become immediately due and payable.

Obligations under the Overdraft Facility are secured by English law debentures granted by certain members of Europcar UK Group in favor of Lloyds.

The Overdraft Facility contains affirmative and negative covenants customary to this type of agreement including periodic delivery of financial information and maintenance of certain financial performance targets.

The Overdraft Facility letter sets out events of default customary for these types of facilities including, subject to certain remediation periods, events of default for non-payment, breaches of representations and guarantee covenants, and insolvency-related events.

(I) Assets financing in Australia and New Zealand

As at December 31, 2017, National Australia Bank (NAB), Toyota Financial Services (TFS), Commonwealth Bank of Australia, Westpac Bank, Bank of Queensland, Mercedes Financial Services, Alphabet Financial Services and other Australian and New Zealand financial institutions have provided Europcar Australia and Europcar New Zealand with senior credit facilities (the "**Australian and New Zealand Asset Financing Facilities**"), including revolving and non-revolving fleet operating and finance leases for up to AUD 449 million. These facilities are renewed annually and finance the fleet in Australia and New Zealand.

The facilities are secured by fixed and floating charges over Europcar Australia and Europcar New Zealand assets, including goodwill and uncalled capital and called but unpaid capital, together with the relative insurance policy assigned. There are also performance guarantees for the facilities.

These facilities include covenants. In particular, Europcar Australia must ensure that:

- its minimum net worth, *i.e.*, total shareholders' equity, is always greater than AUD 58 million;
- its fleet utilization rate is above 70% on average over the year; and
- its minimum cumulative net profit before tax is within 85% of the Company's forecast net profit before tax.

At December 31, 2017, Europcar Australia complied with all these financial covenants.

(J) Asset-backed Goldcar financing

On December 19, 2017, the Company, ECI, Goldcar Fleetco, S.A., Goldcar Fleetco Italy S.R.L., Goldcar Fleetco France S.A.R.L. (the "**Goldcar Fleetcos Entities**") Goldcar Spain, S.L.U., Goldcar Italy S.R.L., Goldcar France S.A.R.L. (the "**Goldcar Opcos Entities**" which with the Goldcar Fleetcos Entities comprise the "**Goldcar Entities**"), Car Rentals Topco S.L. Crédit Agricole Corporate and Investment Bank, BNP Paribas, Bank of America Merill Lynch International Limited, HSBC France, Société Générale, Deutsche Bank AG, London Branch, Natixis, Goldman Sachs International Bank and Lloyds Bank Plc, signed an Asset Backed Financing Facility Agreement ("**ABFA**")

The ABFA authorizes the lending banks to provide a credit facility of up to €450 million to Goldcar Entities to enable them to refinance their outstanding rental fleet debt and to purchase new vehicles (the "**Credit**"). Every Goldcar Fleetcos Entity can make monthly drawdowns on the Credit, but cannot access the funds until the Closing date (December 19, 2017).

The Credit is available for 12 months. At the end of the 12 months, Goldcar Fleetcos Entities may purchase vehicles only through the SARF.

SECURITY AND GUARANTEES

Subject to certain exceptions and/or limitations, each Goldcar Entity's repayment obligations for the Credit, and the Finance Documents in general, are guaranteed partly by a joint and several guarantee by the Company and every Goldcar Entity to the lending banks, and partly by securities.

The following securities have been pledged by the Goldcar Entities: each Goldcar Opcos Entity has pledged, to Crédit Agricole Corporate and Investment Bank acting as Security Agent, receivables that it holds against manufacturers; in addition to which, Goldcar France S.A.R.L. has also offered as collateral the vehicles that it owns.

Each Goldcar Fleetcos Entity has given to Crédit Agricole Corporate and Investment Bank acting as Security Agent, collateral in the form of its bank accounts and its receivables against manufacturers (and some VAT receivables for Goldcar Fleetco France S.A.R.L) and vehicles, with or without possessionary rights (with the exception of Goldcar Fleetco Italy). Lastly, Goldcar Fleetcos Entities shares have also been pledged to Crédit Agricole Corporate and Investment Bank as Security Agent.

INTEREST

The interest rates applicable to ABFA are based on Euribor plus a margin on the understanding that Euribor is considered zero when interest rates are negative. The initial applicable margin is 2.25% for each interest period until December 17, 2018; thereafter, the margin will be increased as follows: 2.75% from December 17, 2018 to May 17, 2019, then 3% from June 17, 2019.

MATURITY AND REPAYMENT

The final ABFA maturity date is the Settlement Date which is 24 months after the closing date, *i.e.*, January 17, 2020.

Each borrower must repay the amount borrowed by the next Settlement Date, unless the advance is extended beyond the Settlement Date, it being understood that the borrower must in all cases repay the amount borrowed no later than the final due date (*i.e.*, January 17, 2020). Lenders will receive repayments prorated to their stake in the Facility.

EARLY REPAYMENT

Change of control and the disposal of all, or a substantial part, of the assets or business of the Company or of a Goldcar Entity constitute an event permitting the early repayment of the Credit. Should any of those events occur, all drawdowns of the Credit (and all interest and other sums due as part of drawdowns) will be immediately payable, and all bank credit commitments will be canceled.

For the purposes of the preceding paragraph, Change of Control means any of the following: (a) any person or group of persons (other than Eurazeo or a member of the Eurazeo Group) acting in concert (in the sense of Article L. 233-10 of the French Commercial Code) exercises direct or indirect control (in the sense of Article L. 233-3 of the French Commercial Code) of the capital or voting rights of the Company, or (b) the Company (i) ceases to hold directly or indirectly 100% (on a undiluted or fully diluted basis) of its share capital, or ceases to hold directly the shares constituting 100% of the voting rights (on an undiluted or fully diluted basis) executable at Shareholders' Meetings of an ECI or Goldcar Entity or ceases to have the right to appoint all members of the Board of Directors (or equivalent body) of an ECI or Goldcar Entity (except as the result of an authorized merger by any debtor with any other member of the Group wholly owned directly or indirectly by the Company).

CANCELLATION

ECI may at any time cancel undrawn available Credit provided it gives five business days' notice and the canceled amount is at least €10 million.

FEES AND COMMISSIONS

The Company must pay the following fees: (i) non-utilization fee, (ii) arrangement fees, (iii) upfront fees and (iv) Facility Agent fees.

RANKING

All other things being equal, lenders are ranked as at least equivalent to non-subordinated creditors.

UNDERTAKINGS

Subject to certain materiality tests, grace periods and certain exceptions, ABFA requires certain undertakings from Goldcar Entities for which the Company is sometimes guarantor, specifically: (i) to obtain the necessary authorizations to fulfill their respective obligations specified in the Finance Documents, (ii) to comply with all applicable laws and regulations, in particular those regarding the environment, corruption and money laundering, (iii) not to alter their business activities, (iv) restrictions on pledging assets, (v) debt limitations, (vi) limitations on transference of rental fleets, (vii) Company undertaking to hold at least 95% of the share capital of each Goldcar Entity and of ECI, (viii) limitations on the concentration of vehicle purchasing; (ix) undertakings regarding rental fleet insurance, repairs and servicing, (x) undertakings regarding vehicle purchase and buy-back clauses, (xi) integration of the Goldcar Entities rental fleet into the SARF financing arrangement on the Take-Out Date (December 2018).

EVENTS OF DEFAULT

The ABFA agreement specifies certain events that, subject to materiality tests and remediation windows, constitute default, as follows: (i) failure to pay any amount due, stated in the Finance Documents, (ii) failure to fulfill certain undertakings and other obligations, (iii) substantial inaccuracy in representations and warranties, (iv) cross defaults involving 2022 or 2024 Senior Subordinated Notes or SARF or defaults which are accelerated with another significant debt, (v) insolvency proceedings against a Goldcar Entity, the Company, or ECI, (vi) a significant audit qualification, (vii) the occurrence of a significant event or situation adversely impacting the activity or financial position of a Goldcar Entity, ECI, or the Company and the ability of one of these entities to meet its payment obligations in the Finance Documents or a hedge agreement.

GOVERNING LAW

ABFA is governed by French law and securities are governed by their respective local legislation (French, Italian or Spanish).

3.2.3.3 Shareholders' equity

The shareholders' equity attributable to the owners of the Group totaled €837.2 million as of December 31, 2017 compared to €630.5 million as of December 31, 2016. The increase in Group equity is primarily due to the positive income generated by the Group in 2017, which amounted to €61 million, and partly due to the €22 million capital increase by the Group on February 24, 2017 in the form of the first-ever international shareholding offer reserved for employees, and €169 million on June 21, 2017 as the net proceeds from an accelerated private placement. This increase was partially offset by various factors, including a €10 million foreign exchange loss, and the €59 million paid out by the Group in 2017 in the form of dividends.

3.2.3.4 Contractual obligations and off-balance sheet commitments

Refer to Section 3.2.3 "*Description of funding at December 31, 2017*" and to Note 33 "*Off-balance sheet commitments*" to the consolidated financial statements for the year ended December 31, 2017.

3.3 INVESTMENTS

3.3.1 Investment history

The Group's capital expenditures are primarily related to infrastructure and IT systems equipment, and to the equipment and modernization of the rental agencies.

If the acquisition is recorded in the statement of financial position, the expenses relating to the acquisition of vehicles are not recorded as a capital expenditure, but as operating expenses.

3.3.1.1 Rental fleet

The Group recognizes its entire rental fleet, either on the statement of financial position, or off-balance sheet for vehicles acquired under lease agreements that meet the criteria for operating leases. The Group's gross expenses relating to the acquisition of vehicles totaled €3 billion, €2.4 billion and €2.4 billion for the years ended December 31, 2017, 2016 and 2015 respectively. These expenses are primarily financed by *ad hoc* borrowings. The revenue from the sale of vehicles at the end of their period of use is used to repay these borrowings.

The following table shows the composition of the Group's rental fleet, by type of **acquisition and financing**:

	% of total volume of vehicles purchased		
Type of acquisition and related financing	**2017**	**2016**	**2015**
Vehicles purchased with manufacturer or car dealer buy-back clause financed via the statement *of* financial position	40%	46%	46%
Vehicles purchased with manufacturer or car dealer buy-back clause and financed through rental agreements that meet the criteria for operating leases	49%	46%	46%
TOTAL FLEET PURCHASED WITH BUY-BACK CLAUSES	**89%**	**92%**	**92%**
Vehicles purchased without manufacturer or dealer buy-back clause ("at risk" vehicles)	10%	7%	7%
Vehicles financed through lease agreements qualifying as finance leases	1%	1%	1%
TOTAL PURCHASES OF RENTAL FLEET	**100%**	**100%**	**100%**

For more information on the Group's rental fleet, see Section 1.6.8 "*Group Fleet*"; for more information on the cash flows related to vehicle purchases, see Section 3.2 "*Liquidity and capital resources*".

3.3.1.2 Capital expenditures

The Group's capital expenditures (acquisitions of intangible assets and property, plant and equipment, net of disposals) rose to €43 million in 2017, up from €31 million in 2016. These items represent expenditures for IT development and expenditures for other equipment (computer hardware and software, furniture, fit-out, fixtures and fittings).

IT development expenditures are related to installation of new business tools for better organization and coordination with business customers in small and medium enterprises. In addition, the launch of new products for use by customers, and improvement of Customer Experience, required a set of IT expenditures.

3.3.1.3 Acquisitions/joint ventures

In 2017, the Europcar Group continued to expand by buying back franchises in France, Denmark and Luxembourg, and by increasing its presence in the Vans & Trucks, Low Cost and Mobility segments.

In the Mobility segment, in 2017, the Group acquired non-controlling interests in Ubeeqo, increased its investment in the multimodal search and comparison platform Wanderio, and took a non-controlling interest in Snappcar, the second-largest international peer-to-peer vehicle rental company in Europe.

To further penetrate the Low Cost segment, the Group acquired 100% of the Goldcar Group, a major Low Cost player in Europe thanks to its solid foothold in Spain and Portugal and its ability to run a lean and efficient pure Low Cost operating model.

In the Vans & Trucks segment, the Group acquired 100% of the Buchbinder Group, the fifth-largest vehicle rental company on the German market. The Buchbinder Group is a leader in the Vans & Trucks segment and has a strong positioning in the Low Cost vehicle rental segment.

3.3.2 Investments in Progress

Refer to Section 3.3.3. "*Future Investments*" below.

3.3.3 Future Investments

To support its efforts to develop and implement innovative mobility solutions, the Group plans to continue its investments as part of its 2020 plan designed to improve its information system architecture to make it more open and flexible in order to facilitate the integration of apps developed by third parties (see Section 1.6.9 "*Information Systems*").

The Group's strategies for 2020 provide for the possibility of assessing any acquisition that will expand its scope of consolidation by purchasing in countries in which the Europcar brand already operates, by acquiring direct competitors in the vehicle rental market, or by acquiring companies developing in the new mobility market.

At the registration date of this document, and with the exception of the obligations associated with the purchase of vehicles financed by *ad hoc* borrowings which can be repaid with the revenue from the sale of vehicles at the end of their useful life, the Company has not entered into any other significant commitment for future investments (see Note 33 "*Off Balance Sheet Commitments*" in the Group's consolidated financial statements for the year ended December 31, 2017).

3.4 CONSOLIDATED FINANCIAL STATEMENTS AND STATUTORY AUDITORS' REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Consolidated statement of income

In thousands of euros	Notes	At December 31, 2017	At December 31, 2016
REVENUE		**2,411,661**	**2,150,758**
Fleet holding costs	5	(605,393)	(536,295)
Fleet operating, rental and revenue related costs	6	(841,925)	(753,303)
Personnel costs	7	(404,749)	(339,158)
Network and head office overhead costs	9	(249,990)	(215,897)
Depreciation, amortization and impairment expense	10	(29,853)	(32,335)
Other income	11	14,159	9,699
CURRENT OPERATING INCOME		**293,910**	**283,469**
Other non-recurring income and expenses	12	(70,676)	(20,721)
OPERATING INCOME		**223,234**	**262,748**
Gross financing costs		(101,210)	(94,189)
Other financial expenses		(39,455)	(28,855)
Other financial income		-	1,983
Net financing costs	**13**	**(140,665)**	**(121,061)**
PROFIT/LOSS BEFORE TAX		**82,569**	**141,687**
Income tax benefit/(expense)	14	(13,410)	(6,628)
Share of profit of Associates	18	(8,058)	(15,765)
NET PROFIT/(LOSS) FOR THE PERIOD		**61,101**	**119,294**
Attributable to:			
▪ Owners of ECG		61,270	119,493
▪ Non-controlling interests		(169)	(199)
Basic Earnings per share attributable to owners of ECG *(in €)*	26	0.422	0.834
Diluted Earnings per share attributable to owners of ECG *(in €)*	26	0.420	0.825

Consolidated statement of comprehensive income

In thousands of euros	Twelve months 2017			Twelve months 2016		
	Before tax	**Tax income/ (expense)**	**After tax**	**Before tax**	**Tax income/ (expense)**	**After tax**
Net profit/(loss) for the period	**74,511**	**(13,410)**	**61,101**	**125,922**	**(6,628)**	**119,294**
Items that will not be reclassified to profit or loss	**6,270**	**(1,700)**	**4,570**	**(22,561)**	**5,129**	**(17,432)**
Actuarial gains/(losses) on defined benefit pension plans (1)	6,270	(1,700)	4,570	(22,561)	5,129	(17,432)
Items that may be reclassified subsequently to profit or loss	**6,841**	**-**	**6,841**	**(27,859)**	**-**	**(27,859)**
Foreign currency differences	(10,328)	-	(10,328)	(24,051)	-	(24,051)
Effective portion of changes in fair value of hedging instruments	17,169	-	17,169	(3,665)	-	(3,665)
Net change in fair value of available-for-sale financial assets	-	-	-	(143)	-	(143)
Other comprehensive income for the period	**13,111**	**(1,700)**	**11,411**	**(50,420)**	**5,129**	**(45,291)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**87,622**	**(15,110)**	**72,512**	**75,502**	**(1,499)**	**74,003**
Attributable to:						
▪ Owners of ECG			72,681			74,202
▪ Non-controlling interests			(169)			(199)

(1) *In 2016, the employee benefit obligation for Germany and the United Kingdom were remeasured by € (11.1) million and € (9.5) million respectively mainly given the changes in the discount rate at December 31, 2016 based on the first-tier corporate bonds in Germany (2% at December 31, 2015 versus 1.30% at December 31, 2016) and the United Kingdom (3.85% at December 31, 2015 versus 2.60% at December 31, 2016). In 2017, the employee benefit obligation for those two countries were remeasured by €3.6 million and €1.6 million respectively.*

Consolidated statement of financial position

In thousands of euros	Notes	At December 31, 2017	At December 31, 2016
ASSETS			
Goodwill	15	1,138,793	459,496
Intangible assets	16	809,960	715,209
Property, plant and equipment	17	114,855	84,102
Equity-accounted investments	18	4,036	14,083
Other non-current financial assets	19	58,602	67,820
Financial instruments non-current		226	-
Deferred tax assets	14	56,757	58,743
TOTAL NON-CURRENT ASSETS		**2,183,229**	**1,399,453**
Inventory	20	24,330	16,843
Rental fleet recorded on the balance sheet	21	2,342,605	1,640,251
Rental fleet and related receivables	22	700,117	720,623
Trade and other receivables	23	456,688	365,200
Current financial assets	19	32,762	77,003
Current tax assets		42,760	35,585
Restricted cash	24	104,818	105,229
Cash and cash equivalents	24	240,792	154,577
TOTAL CURRENT ASSETS		**3,944,872**	**3,115,311**
TOTAL ASSETS		**6,128,101**	**4,514,764**
Equity			
Share capital		161,031	143,409
Share premium		745,748	647,514
Reserves		(106,756)	(111,681)
Retained earnings (losses)		37,209	(48,706)
Total equity attributable to the owners of ECG		**837,232**	**630,536**
Non-controlling interests		763	730
TOTAL EQUITY	**25**	**837,995**	**631,266**
LIABILITIES			
Non-current portion of financial liabilities	27	1,570,141	953,240
Non-current financial instruments	29	37,122	56,216
Non-current employee benefit liabilities	30	133,951	139,897
Non-current provisions	31	8,680	18,640
Deferred tax liabilities	14	128,803	107,848
Other non-current liabilities		276	246
TOTAL NON-CURRENT LIABILITIES		**1,878,973**	**1,276,087**
Current portion of financial liabilities	27	1,950,262	1,224,442
Current employee benefit liabilities	30	3,149	3,247
Current provisions	31	219,455	220,752
Current tax liabilities		31,566	39,227
Rental fleet related payables	22	604,196	679,678
Trade payables and other liabilities	23	602,505	440,065
TOTAL CURRENT LIABILITIES		**3,411,133**	**2,607,411**
TOTAL LIABILITIES		**5,290,106**	**3,883,498**
TOTAL EQUITY AND LIABILITIES		**6,128,101**	**4,514,764**

Consolidated statement of changes in equity

	Share attributable to ECG								
In thousands of euros	**Share capital**	**Share premium**	**Hedging reserve**	**Translation reserve**	**Retained earnings**	**Treasury shares**	**Total**	**Non-controlling interests**	**Total equity**
BALANCE AT JANUARY 1, 2016	**143,155**	**767,402**	**(45,488)**	**(28,884)**	**(274,821)**	**31**	**561,395**	**961**	**562,356**
Net profit/(loss) for the period	**-**	**-**	**-**	**-**	**119,493**	**-**	**119,493**	**(199)**	**119,294**
Foreign currency differences	-	-	-	(24,051)	-	-	(24,051)	-	(24,051)
Effective portion of changes in fair value of hedging Instruments		-	(3,665)	-	-	-	(3,665)	-	(3,665)
Change in fair value of financial assets available for sale			(143)	-	-	-	(143)	-	(143)
Actuarial gains/(losses) on defined benefit pension plans			-	-	(22,561)	-	(22,561)	-	(22,561)
Income tax relating to components of other comprehensive income	-	-	-	-	5,129	-	5,129	-	5,129
Other comprehensive income/(loss)	**-**	**-**	**(3,808)**	**(24,051)**	**(17,432)**	**-**	**(45,291)**	**-**	**(45,291)**
Increase in share capital	254	(254)	-	-	-	-	-	-	-
Treasury shares purchased or sold	-	-	-	-	-	(4,877)	(4,877)	-	(4,877)
Appropriation of profit through the issue premium	-	(119,634)	-	-	119,634	-	-	-	-
Other	-	-	(4,604)	-	4,420	-	(184)	(32)	(216)
Transactions with owners	**254**	**(119,888)**	**(4,604)**	**-**	**124,054**	**(4,877)**	**(5,061)**	**(32)**	**(5,093)**
BALANCE AT DECEMBER 31, 2016	**143,409**	**647,514**	**(53,900)**	**(52,935)**	**(48,706)**	**(4,846)**	**630,536**	**730**	**631,266**

Consolidated statement of changes in equity

	Share attributable to ECG								
In thousands of euros	**Share capital**	**Share premium**	**Hedging reserve**	**Translation reserve**	**Retained earnings**	**Treasury shares**	**Total**	**Non-controlling interests**	**Total equity**
BALANCE AT JANUARY 1, 2017	**143,409**	**647,514**	**(53,900)**	**(52,935)**	**(48,706)**	**(4,846)**	**630,536**	**730**	**631,266**
Net profit/(loss) for the period	**-**	**-**	**-**	**-**	**61,270**	**-**	**61,270**	**(169)**	**61,101**
Foreign currency differences	-	-	-	(10,328)	-	-	(10,328)	-	(10,328)
Effective portion of changes in fair value of hedging instruments		-	17,169	-	-	-	17,169	-	17,169
Actuarial gains (losses) on defined benefit pension schemes		-	-	-	6,270	-	6,270	-	6,270
Income tax relating to components of other comprehensive income	-	-	-	-	(1,700)	-	(1,700)	-	(1,700)
Other comprehensive income/(loss)	**-**	**-**	**17,169**	**(10,328)**	**4,570**	**-**	**11,411**	**-**	**11,411**
Capital increase on private placement	14,613	154,266	-	-	-	-	168,879	-	168,879
Capital increase reserved for employees	2,723	19,064	-	-	-	-	21,787	-	21,787
Capital increase to deliver free-shares plans	286	(286)	-	-	2,146	-	2,146	-	2,146
Share base payment	-	-	-	-	2,763	-	2,763	-	2,763
Purchase/Sales of Treasury Shares	-	-	-	-	-	(1,916)	(1,916)	-	(1,916)
Profit appropriate by share premium	-	(15,469)	-	-	15,469	-	-	-	-
Special distribution deducted from Share Premium	-	(59,366)	-	-	-	-	(59,366)	-	(59,366)
Other	-	25	-	-	(303)	-	(278)	202	(76)
Transactions with owners	**17,622**	**98,234**	**-**	**-**	**20,075**	**(1,916)**	**134,015**	**202**	**134,217**
BALANCE AT DECEMBER 31, 2017	**161,031**	**745,748**	**(36,731)**	**(63,263)**	**37,209**	**(6,762)**	**837,232**	**763**	**837,995**

Consolidated cash flow statement

In thousands of euros	Notes	Twelve months 2017	Twelve months 2016
Profit/(loss) before tax		**82,569**	**141,687**
Reversal of the following items			
Depreciation and impairment expenses on property, plant and equipment	17	15,926	14,894
Amortization and impairment expenses on intangible assets	15.16	13,390	17,056
Changes in provisions and employee benefits (1)	30.31	(8,065)	(23,015)
Recognition of share-based payments		2,763	(304)
Profit/(loss) on disposal of assets		(3,074)	-
Other non-cash items		(3,561)	346
Total net interest costs		*106,834*	*98,617*
Amortization of transaction costs		*9,896*	*7,813*
Net financing costs		**116,730**	**106,430**
Net cash from operations before changes in working capital		**216,678**	**257,094**
Changes in the rental fleet recorded on the balance sheet (2)		(101,710)	(20,643)
Changes in fleet working capital	22	(1,421)	(126,151)
Changes in non-fleet working capital	23	(15,045)	3,997
Cash generated from operations		**98,502**	**114,297**
Income taxes received/(paid) (3)		(34,816)	(22,744)
Net interest paid		(110,279)	(98,746)
Net cash generated from (used by) operations		**(46,593)**	**(7,193)**
Acquisition of intangible assets and property, plant and equipment (4)	15,16,17	(54,530)	(36,905)
Proceeds from disposal of intangible assets and property, plant and equipment		11,767	6,109
Other investments and loans		13,912	(27,562)
Acquisition of subsidiaries, net of cash acquired (5)		(743,327)	(45,740)
Net cash used by investing activities		**(772,178)**	**(104,098)**
Capital increase (net of related expenses) (6)		190,688	-
Special distribution		(59,366)	-
(Purchases)/Sales of treasury shares		(520)	(4,877)
Issuance of bonds (7)		600,000	130,625
Change in other borrowings (8)		184,149	11,271
Payment of transaction costs (9)		(25,720)	(6,451)
Net cash generated from (used by) financing activities		**889,231**	**130,568**
Cash and cash equivalents at beginning of period		**248,507**	**229,368**
Net increase/(decrease) in cash and cash equivalents after effect of foreign exchange differences		70,460	19,277
Changes in scope (10)		(2,983)	-
Effect of foreign exchange differences		(2,733)	(138)
Cash and cash equivalents at end of period	24	**313,251**	**248,507**

(1) Of which in 2017, the reversal of provision for disputes with French Competition Authority for €45 million, the accrual of provision related to the Trading Standard investigation in the UK for €(43) million, Insurance (€6.1 million), Buyback provision for (€0.7 million) and the change in employee benefits €(3.2) million.
(2) Given the average holding period for the fleet, the Group reports vehicles as current assets at the beginning of the contract. Their change from period to period is therefore similar to operating flows generated by the activity.
(3) In 2017, increase in tax paid compared with 2016 given the one-off large amounts cashed-in in 2016 from the tax authorities in Spain and UK.
(4) Mainly related to IT cost capitalized €(34.6) million; other & technical equipment for €(22.6) million.
(5) Of which Buchbinder acquisition price €(109.8) million, Goldcar acquisition price €(562) million, Denmark franchisee acquisition price €(51.7) million, Ubeeqo minority's stake acquisition price (€7.0) million, minority stake in a start-up Snappcar €(8.0) million, payment of a first earn out related to the franchisee acquisition in Ireland €(5.5) million, business acquisition of Australian franchisee €(1.7) million, French franchisee acquisition price €(1.4) million, subscription to the Car2go capital increase for €(10.3) million and cash related to entities acquired for €29.5 million in 2017.
(6) Of which €21.7 million Capital increase reserved for employees (ESOP) and €170.7 million Capital increase on private placement.
(7) In 2017, issue of a new bond for €600 million (see Note 27); in 2016, issue of a new bond for €125 million.
(8) In 2017, of which €147 million related to drawing variation under Senior Revolving Credit Facility.
(9) Transaction costs of which €5 million for revolving facility Upfront fee, €5.2 million for bridge facilities, €12.1 million for other facilities.
(10) Due to the change of Ubeeqo consolidation method from equity method to full consolidation starting March 1, 2017.

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NOTE 1 GENERAL OVERVIEW

1.1 General information

Europcar Groupe S.A. Europcar Groupe S.A. ("ECG") was incorporated on March 9, 2006 with initial share capital of €235,000 and was converted into a French joint stock company (*société anonyme*) on April 25, 2006. ECG's registered offices are located at 2 rue René-Caudron, 78960 Voisins-le-Bretonneux, France.

ECG changed its governance on February 24, 2015 to take the form of a joint stock company with a Management Board and a Supervisory Board.

Europcar Groupe is one of the major actor of Mobility. The Group offers a wide variety of mobility solutions to serve all the needs of its clients. The Group operates under several brands, the main ones of which are Europcar®, Goldcar®, InterRent®, Buchbinder® and Ubeeqo®. The Group is active worldwide through a dense network in 133 countries (16 wholly-owned subsidiaries in Europe, 2 in Australia and New Zealand, as well as franchisees and partners).

ECG was first listed on the regulated market of Euronext Paris on June 26, 2015 (Compartment A; ISIN code: FR0012789949; ticker: EUCAR).

1.2 Main events of the period

(a) Acquisitions

Major acquisitions

- On September 20, 2017, Europcar Groupe acquired 100% of Buchbinder Group. Founded over 60 years ago, Buchbinder is a well-established company in Germany, with an extensive network of 152 stations of which 18 airport stations and a fleet in excess of 20,000 vehicles. It is the 5th largest car rental company in the German market with a solid positioning as a Low Cost car rental operator, as well as a leading position in the vans & trucks segment. Buchbinder is also a market leader in Austria and is present in Hungary and Slovakia.
- On December 19, 2017, Europcar Groupe acquired 100% of Goldcar, a major Low Cost operator in Europe thanks to its strong positions in Spain and Portugal and its strong know-how in running a lean and efficient pure Low Cost operating model.

Other acquisitions

- On February 17, 2017 the Group announced the exclusive takeover of Ubeeqo, through its subsidiary Europcar Lab SAS, which until then has been consolidated under the equity method in Europcar scope. Starting March 1, 2017 Ubeeqo is fully consolidated.
- On April 27, 2017 the Group acquired 100% of its Danish franchisee, one of its biggest in terms of revenue. Europcar Denmark is the market leader with circa 30% market share in Denmark. It operates an average rental fleet of 6,000 vehicles through 40 branches.
- On July 18, 2017 the Europcar Group acquired 100% of Lor'Rent, which has been a significant franchisee of Europcar France since 1980. Lor'Rent is a well-established company in the Lorraine region, based in Lunéville with eight branches located in the Vosges, Moselle and the Meurthe and Moselle regions of France.
- On December 20, 2017 the Group acquired 100% of InterRent S.à.r.l., Europcar franchisee in Luxembourg.

(b) Capital Increase

Capital increase reserved for employees of the Group (Employee Share Ownership Plan)

In 2016, the Group launched its first international share offer reserved for employees of the Company and Group subsidiaries wholly owned either directly or indirectly by the Company, who are members of Europcar's Group Employee Savings Plan (the "GESP") and the International Group Employee Savings Plan ("IGESP") and whose registered offices are in Germany, Australia, Belgium, Spain, U.S.A., France, Italy, New Zealand, Portugal and the UK (the "Offer").

Under the terms of the Offer, in accordance with the authorizations granted by the Company's Combined General Meeting of May 10, 2016 (resolutions 13 and 14), the Management Board, after obtaining the approval of the Supervisory Board, decided on August 31, 2016, to increase the Company's capital for the benefit of (i) GESP and IESP members and (ii) a special purpose entity belonging to a bank whose sole purpose is to subscribe for, hold and sell shares in the Company in order to implement the Offer, up to a maximum nominal amount of 2% of the share capital at the date the decision was taken.

The subscription price per share was set on January 20, 2017, at the average opening price on the twenty trading days immediately preceding the Management Board decision fixing the dates for the subscription/cancellation of shares, less a 15% discount rounded up to the nearest euro cent. Each subscriber benefits from an employer contribution of 100% of their initial subscription up to a gross value of €1,000.

The Offer resulted in a gross capital increase of €21,787,312 on February 24, 2017 through the issuance of 2,723,414 new shares at a price of €8 per share.

2,177 employees in the ten countries involved, representing 33% of the Group's workforce, subscribed to the Offer. As a result, the shares held by Group employees represented 1.49% of the Company's share capital as at December 31, 2017, compared to 0.12% at December 31, 2016.

The new shares issued under the Offer are ordinary shares of the Company. They were listed for trading on the Euronext Paris market immediately on issue as part of the same code as existing shares. They are valid from January 1, 2017, and entitle holders to dividends paid in respect of the year ended December 31, 2016.

In accordance with IFRS 2, this leveraged employee share ownership plan offers the possibility to employees to subscribe for shares at a discounted preferential rate. As a consequence, the Group has recognized an expense amounting to €2.7 million with a counterpart fully credited to equity in the consolidated financial statement as of December 31, 2017. In addition, the employer contribution amounts to €1 million recognized as an expense.

Capital increase through a private placement

On June 20, 2017, following the signing of the agreement to acquire Goldcar, Europcar announced the launch of a capital increase through the issuance of ordinary shares, without preferential subscription rights, via a private placement to qualified and institutional investors in and outside France.

On June 21, 2017, the Group announced the successful completion of the capital increase through the placement of 14,612,460 new ordinary shares at a price per share of €12.00, including share premium, for a total of €175,349,520, representing approximately 10% of Europcar Groupe's ordinary shares pre-capital raise. Settlement for the new shares occurred on June 23, 2017.

(c) Financing

Signing of a new €500 million revolving credit facility

On July 13, 2017, the Group signed a new secured €500 million Revolving Credit Facility (RCF) with a diversified pool of international banks. This Facility, which has replaced the existing €350 million Senior Revolving Credit Facility (SRCF), will mature in June 2022. The Group has optimized the financing cost of this new RCF by a 25 bps reduction of the applicable margin. The €150 million increase of the nominal amount will allow the Group to support its 2020 ambition and the related growing financing needs.

Signing of a bridge facility

On July 13, 2017, the Group also signed a €1,040 million Bridge Facility with a pool of international banks dedicated to the acquisition of Goldcar, the refinancing of its existing debts and the financing of its fleet. This facility included two tranches:

- a €440 million tranche with a 12-month maturity (which can be extended for an additional 6-month period) dedicated to the acquisition of Goldcar;
- a €600 million tranche with a 12-month maturity (which can be extended for two additional 6-month period) dedicated to the refinancing of Goldcar existing debt and the financing of its fleet of vehicles.

The Group canceled the first tranche of this Bridge Facility at the closing of the acquisition of Goldcar on December 19, 2017, thanks to the proceeds of the new €600 million corporate bond issue made by the Group in November 2017 (refer below to "*Issuance of €600 million senior notes and €350 million senior secured notes*"). The Group also canceled the second tranche of the Bridge Facility at the closing of the acquisition and replaced it by a new €450 million Asset-Backed Bridge Facility secured by the fleet assets of Goldcar (refer below to "*Signing of a new €450 million asset-backed bridge facility*").

Issuance of €600 million senior notes and €350 million senior secured notes

On October 16, 2017, Europcar announced the launch of an offering of €600 million senior notes due 2024 by Europcar Drive D.A.C., a special purpose entity. Concurrently, Europcar announced the launch of a €350 million issuance of senior secured notes due 2022 by EC Finance Plc.

On October 19, 2017, Europcar announced the success of the dual round of bond financing: Europcar issued €600 million 4.125% senior notes due 2024 and €350 million 2.375% senior secured notes due 2022.

The delivery, settlement and the listing of the notes on the EuroMTF market of the Luxembourg Stock Exchange occurred on November 2, 2017. Europcar used the proceeds from the issuance of the €350 million 2.375% senior secured notes due 2022 for the full early redemption of EC Finance Plc's outstanding 5.125% €350 million notes issued on July 2014 due 2021.

The used the proceeds from the issuance of the new €600 million senior notes for the:

(i) financing of the consideration to be paid for the Goldcar acquisition;

(ii) repayment of the drawings made under the Senior Revolving Credit Facility to finance the Buchbinder acquisition; and

(iii) payment of estimated costs and expenses related to the acquisitions and issuance of the notes.

Signing of a new €450 million asset-backed bridge facility

On December 19, 2017, in order to optimize the fleet financing conditions of Goldcar immediately after the closing of the acquisition, the Group signed, with a diversified pool of international banks, a new €450 million Bridge Facility secured by Goldcar fleet assets in Spain, Italy and France. This facility allowed for the refinancing the existing debt of Goldcar at the closing date and allowed the Goldcar Fleetcos entities in these three countries to finance the acquisition of new vehicles. Each entity has the ability, on a monthly basis and for a twelve-month period starting December 19, 2017, to draw down credit lines. After these twelve months, the purchase of new vehicles dedicated to the fleet of Goldcar should be mainly financed by the Group Senior asset Revolving Facility.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Principles of Account Preparation

The consolidated financial statements of Europcar Groupe were prepared in accordance with the principles defined by the International Accounting Standards Board (IASB) as adopted by the European Union. This framework is available on the website of the European Commission: http://ec.europa.eu/finance/accounting/ias-evaluation/index_en. htm.

The international framework comprises IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The IFRS consolidated financial statements of the Europcar Group for the year ended December 31, 2017 were approved by the Management Board and examined by the Supervisory Board on February 28, 2018. They are subject to the approval of the Annual General Meeting of May 17, 2018.

The financial statements were prepared under the historical cost convention, except for the valuation of certain financial instruments.

These consolidated financial statements are presented in euros (€), which is ECG's functional currency and the Group's presentation currency. All financial information presented in euros (€) has been rounded to the nearest thousand euros unless otherwise stated.

2.2 Basis of measurement

The accounting policies used to prepare the consolidated financial statements are consistent with those used for the year ended December 31, 2016, with the exception of the following standards, which are mandatory for accounting periods beginning on or after January 1, 2017:

- Standards and interpretations applicable for the annual period beginning on January 1, 2017:
  - Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 12;
  - Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative;
  - Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses;

- Standards and interpretations published, but not yet applicable for the annual period beginning on January 1, 2017:

Standards and interpretations published	Applicable for annual periods beginning on or after	Endorsed in the EU
Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28	January 1, 2018	No
IFRS 9 Financial Instruments and subsequent amendments	January 1, 2018	Yes
FRS 15 Revenue from Contracts with Customers	January 1, 2018	Yes
IFRS 16 Leases	January 1, 2019	Yes
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions	January 1, 2018	No
Amendments to IFRS 9 Prepayment Features with Negative Compensation	January 1, 2019	No
Amendments to IAS 28 Long term interests in Associates and Joint Ventures	January 1, 2019	No
Amendments to IAS 40 Transfers of Investment Property	January 1, 2018	No
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018	No
IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019	No

IFRS 15 "Revenue from Contracts with Customers"

The effects of applying IFRS 15 and its amendments for clarification to the accounting of revenue as from January 1, 2018 have been assessed and have been considered of little significance in light of the nature of the Group's business activities.

IFRS 16 "Leases"

The Group has completed an initial assessment of its potential impact on consolidated statements but has not yet complete its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on the Group's borrowing rate as at January 1, 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use the practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognize new assets and liabilities for its lease agreements in respect of fleet and of property rental (offices, stations).

IFRS 9 "Financial Instruments"

IFRS 9 Financial Instruments includes requirements for classification and measurement of financial assets, a forward-looking "expected credit loss" model for the recognition of impairment and a reformed approach on hedge accounting. It is mandatorily effective for periods beginning on or after January 1, 2018.

Under IFRS 9 when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

The Group has analyzed its former debt re-negotiations and believes that applying IFRS 9 won't have a material impact on its consolidated financial statements.

Given the significant amount of the receivables recorded on the consolidated statement of financial position, the Group has completed an initial assessment of the potential impact of the new standard based on a forward-looking "expected credit loss" model. From its preliminary assessment, the Group believes the new model will not affect materially its financial statements for the first-time application and will not generate high volatility on the consolidated income statement.

2.3 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions which impact the amounts presented for existing assets and liabilities in the consolidated statement of financial position, income and expense items in the consolidated income statement, and disclosures in the notes to the consolidated financial statements.

Due to the uncertainty inherent to all measurement processes, these estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The Group formulates assumptions and, on this basis, regularly prepares estimates relating to its various activities. These estimates are based on past experience and factor in the economic conditions prevailing at the reporting date and the information then available. Those economic trends are specifically reviewed on a country-by-country basis.

Depending on changes in assumptions, or in the eventuality of conditions differing from those that were initially expected, amounts recorded in future financial statements may differ from current estimates. Future results may also differ from these estimates.

With respect to the vehicle rental business, estimates specifically cover:

- the residual value of at risk vehicles (see “rental fleet”);
- the fair value of vehicles purchased with a manufacturer or dealer buy-back commitment when badly damaged or stolen (see “rental fleet”);
- the evaluation of the ultimate cost of claims made against the Group for self-funded insured accidents using actuarial techniques generally accepted and used in the insurance industry.

In addition, estimates also cover:

- fair value measurement of assets and liabilities during allocation of the acquisition cost of business combinations;
- the value of non-listed equity investments available for sale (see Note 19) and derivative financial instruments recorded at fair value in the Group’s statement of financial position (see Note 29);
- estimates of future cash flows as part of impairment tests for goodwill recorded in the statement of financial position and capitalized assets including trademarks (see Notes 15 and 16);
- amounts of deferred taxes that may be recognized in the statement of financial position (see Note 14);
- measurement of post-employment benefits and other employee benefits (see Note 30);
- provisions for disputes and litigation and valuation of contingent liabilities (see Notes 31 and 35).

2.4 Basis of consolidation

(i) Subsidiaries

Europcar Groupe’s financial statements include the accounts of the parent company ECG, and those of its subsidiaries for the year ended December 31, 2017.

Subsidiaries are all entities (including special purpose entities), directly or indirectly controlled by ECG. Control exists when ECG has the ability to direct an investee’s relevant activities, is exposed to variable returns and has the ability to affect those returns through power over an investee. In assessing control, substantive potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. At the acquisition date, ECG transfers the consideration, acquires the assets and assumes the liabilities of the acquiree.

The assets acquired and the liabilities assumed (including contingent consideration) are valued at fair value at the acquisition date.

Acquisition-related costs are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interests in an acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. Depending on the nature of the business combination, the Group may elect to use either of these options.

At the acquisition date, the difference between:

- the fair value of the consideration transferred (including contingent consideration), plus non-controlling interests in the acquired company and, where applicable, the acquisition-date fair value of the acquirer’s previously held equity interest in the acquired company revalued through profit or loss;
- and the acquisition-date fair value of the identifiable assets required and liabilities assumed;

is recorded as goodwill.

If the difference arising from the calculation above is negative, it is recognized directly in the income statement.

Accounting policies of subsidiaries are amended where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions between equity owners of the Group. In the case of an additional acquisition of shares in a previously-controlled entity, the difference between the consideration paid and the corresponding share acquired in the carrying amount of net assets of the subsidiary is recorded in equity. When the Group ceases to exercise control, any remaining interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss.

The minority shareholders of certain fully consolidated subsidiaries benefit from commitments made by the Group to purchase their shares. In the absence of specific provisions under IFRS, the Group recognizes these commitments as follows: – the value of the commitment at the reporting date is recorded in "Other non-current liabilities"; – the corresponding non-controlling interests are canceled. For acquisitions where control was gained after January 1, 2010, and in application of IFRS 3 revised and IFRS 10, the corresponding entry for this liability is deducted from equity attributable to non-controlling interests up to the carrying amount of the relevant non-controlling interests and deducted from total equity attributable to the owners of ECG to cover any additional amounts. The liability is revalued at each reporting date at the current redemption value, *i.e.* the present value of the exercise price of the put option. Any change in value is recognized in equity. This accounting method has no effect on the presentation of non-controlling interests in the income statement.

(iii) Associates

Associates are entities over which the Group has significant influence enabling it to participate in financial and operating policy decisions.

The Group's interests in associates are consolidated using the equity method. The investment is recorded at cost and adjusted for changes subsequent to the transaction in accordance with the investor's share in the net assets of the associate. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has a legal or implicit obligation to make payments on behalf of the associate.

(iV) Partnerships

Joint ventures are entities over whose activities the Group has joint control, established by contractual agreement. The Group's interests in joint ventures are accounted for under the equity method, as is the case for related companies.

The Group does not have any joint activities.

(v) Special Purpose Entities

Special purpose entities (SPEs), such as SecuritiFleet companies, Euroguard, the Protected Cell Insurance & Reinsurance SPE, FCT Sinople and EC Finance plc are consolidated when the relationship between the Group and the SPE indicates that the SPE is in substance controlled by the Group. SPEs are entities which are created to accomplish a specifically-defined objective.

2.5 Reclassification of exchange gains/losses in profit and loss

Exchange gains/losses recognized in other comprehensive income are reclassified in profit and loss only in the case of a total disposal. A partial disposal is defined by the Group as the disposal of an interest in a subsidiary (and not as a decrease in the investment).

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros (€), which is ECG's functional currency and the Group's presentation currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into euros at the foreign exchange rate at that date. Foreign exchange differences arising on translation of monetary assets and liabilities are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euros at the foreign exchange rate at the fair value measurement date.

(iii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euros at the foreign exchange rate at the reporting date, while equity is translated at historical rates. The revenues and expenses of foreign operations are translated into euros at weighted average rates. All resulting exchange differences are recognized as Other comprehensive income within equity.

(iv) Exchange rates

The exchange rates used for the years ended December 31, 2017 and December 31, 2016 are:

	December 31, 2017		December 31, 2016	
	Average rate	Closing rate	Average rate	Closing rate
Sterling (GBP)	1.141	1.127	1.220	1.168
Australian Dollar (AUD)	0.679	0.652	0.672	0.685
US Dollar (USD)	0.885	0.834	0.903	0.949
Danish Krone (DKK)	0.134	0.134	-	-

Source: Banque de France.

2.7 Goodwill

Goodwill recognized in local currency is not amortized and is subject to an impairment test performed at least annually, or more frequently if there is evidence that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGU) or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated by operating segment and within the corporately-owned rental business segment by country.

The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted future cash flow method or another more appropriated method. When this value is less than its carrying amount, an impairment loss is recognized in the income statement. The impairment loss is first recorded as an adjustment to the carrying amount of goodwill allocated to the CGU and the remainder of the loss, if any, is allocated to the other long-term assets of the unit on a prorata basis.

Goodwill arising from acquisitions of associates is included in “Investments in associates” and the total amount of goodwill is tested for impairment.

Any impairment of goodwill is recorded in “Goodwill impairment expense”.

2.8 Intangible assets other than goodwill

Intangible assets other than goodwill consist mainly of trademarks and licenses, acquired customer relationship, acquired computer software licenses and capitalized development projects.

(i) Trademarks and licenses

Trademarks with an indefinite useful life

The Europcar trademark has been recognized at cost with an indefinite useful life and is not amortized. It is tested annually for impairment based on the relief-from-royalty method.

Following the acquisition of Buchbinder Group in 2017, Buchbinder, Global and Megadrive trademarks were recognized using the relief royalty method. They are considered with indefinite useful life.

Impairment charges for trademarks are accounted for in “Other non-recurring income and expenses” in the consolidated income statement.

Trademarks with a finite useful life

Trademarks and licenses that have a finite useful life are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives, or over the life of the underlying contract (10 years). They are tested for impairment if there is evidence that they may be impaired.

The Group does not own any trademarks with a finite useful life.

(ii) Customer relationship

Customer relationship that are acquired by the Group through business combinations are amortized over the expected useful life. The initial valuation methodology used is based on the excess earnings method. They are tested for impairment only if management identifies triggering events that may result in a loss of value of such assets.

(iii) Computer software and operating systems

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire them and bring them into use. These costs are amortized over their estimated useful lives (see below). Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. These costs include the costs of the employees allocated to developing the software and a portion of relevant overheads directly attributable to developing the software.

Computer software development costs recognized as assets are amortized over their estimated useful lives (see below).

(iv) Other Intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (see below) and impairment losses. They include the right to operate trademarks acquired under a business combination.

(v) Amortization

Intangible assets are amortized from the date they are available for use. Estimated useful lives are as follows:

- trademarks with a finite useful life: 10 years;
- leasehold rights: 10 years;
- computer software: 3 years;
- operating systems: 5 to 10 years.

2.9 Property, plant and equipment

(i) Directly owned assets

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items of property, plant and equipment and depreciated over their own useful lives. Repairs and maintenance costs are expensed as incurred.

(ii) Leased assets

IAS 17 defines a lease as being an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases (lessee accounting). Owner-occupied property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

(iii) Subsequent costs

The Group recognizes within the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the Group will gain future economic benefit from the item and the cost of the item can be measured reliably. All other costs are expensed in the income statement as and when they are incurred. The cost of repairs and interest on borrowings are recognized as current expenses.

(iv) Amortization

Land is not depreciated. Estimated useful lives are as follows:

- Buildings: 25 to 50 years;
- Technical equipment and machinery: 6 to 12 years;
- Other equipment and office equipment, including specialized tools: 3 to 15 years.

The useful life is reviewed annually.

2.10 Rental fleet

The Group operates a large fleet purchased with or without a buy-back commitment. IFRS treats the accounting of assets and liabilities differently depending on how these acquisitions are financed. Accordingly, vehicles purchased with debt recorded in the balance sheet or through finance leases are recognized in the balance sheet as current assets, given the length of the Group's operating cycle. Vehicles financed by operating leases are not recognized in the balance sheet. In this case, the related commitments are recorded as off-balance sheet commitments.

(a) Directly owned rental fleet

The fleet operated by the Group is acquired through two types of agreement:

- either with a manufacturer or dealer buy-back commitment (buy-back vehicles);
- without a manufacturer or dealer buy-back commitment (at risk vehicles).

(i) Vehicles purchased with a manufacturer or dealer buy-back commitment

One of the characteristics of the automotive industry is the sale/purchase of vehicles with a buy-back commitment from the manufacturer or dealer after a predetermined term, generally less than 12 months.

Such agreements are treated for accounting purposes as operational pre-paid vehicle leases insofar as:

- the Group does not have control of the vehicle because it cannot sell it;
- the contract only gives it the right to use the asset over a limited time; and
- the asset retains a significant part of its value at the time of its repurchase by the manufacturer.

This accounting method is consistent and symmetrical with the recognition adopted by manufacturers, which consider the risks and rewards of ownership not to have been transferred since they retain the residual risk on the asset's value and since this risk is significant.

The amount recorded represents the acquisition cost of the vehicles (net of volume rebates) and is the sum of two amounts representing two distinct current assets:

- the "Vehicle buy-back agreement receivable", representing the agreed buy-back price (the obligation of the manufacturer or dealer); repurchase prices for buy-back vehicles are contractually based on either (i) a predetermined percentage of the original vehicle price and the month in which the vehicle is repurchased, or (ii) the original capitalized price less a set economic depreciation amount, in either case subject to adjustments depending upon the condition of the vehicle, mileage and holding period.
- the "Deferred depreciation expense on vehicles", representing the difference between the acquisition cost of the vehicle and the agreed buy-back price. This asset is depreciated through the income statement on a straight-line basis over the contractual holding period of the vehicle.

In view of the length of time for which these assets are held, the Group recognizes these vehicles as current assets at the outset of the contract.

For stolen vehicles, the Group recognizes an impairment charge against the value of the corresponding "Vehicle buy-back agreement receivable" over a three-month period following the event. For badly damaged vehicles, the Group adjusts the value of the corresponding receivable on the basis of independent appraisal of the damaged vehicle.

(ii) Vehicles purchased without a manufacturer or dealer buy-back commitment (at risk vehicles):

Vehicles purchased without manufacturer or dealer buy-back commitment are reported by the Group as "at risk" vehicles. The value of the vehicles is initially measured at cost, including any import duties, non-refundable purchase taxes and any costs directly attributable to bringing the vehicle to the rental location and preparing it for rental. Upon acquisition, at-risk vehicles are depreciated on a straight-line basis over the planned holding period and projected residual value. Over the holding period, the residual value is regularly reviewed taking into account the state of the used vehicle market, and is adjusted if necessary.

In most cases, the holding period for a car does not exceed 12 months. For vans and trucks, the holding period can range from 12 to 24 months. Consequently, although "at-risk vehicles" are similar to fixed assets, the Group classifies these vehicles in the balance sheet as current assets under "*Fleet included in the balance sheet*" – see Note 21.

(b) Fleet financed by leases

The operated fleet may be financed by leases with financial institutions or with the finance divisions of car manufacturers which meet either the finance lease or the operating lease criteria. The accounting principles are in such cases identical to those mentioned in the Section on property, plant and equipment – leased assets.

(I) Operating leases

Contracts in which lessors do not transfer to Europcar the significant risks and rewards of ownership in substance meet the operating lease criteria as defined by IAS 17. Accordingly, the vehicles concerned are not recorded in the balance sheet. The rents paid for these vehicles are disclosed in Note 33 (a) "*Operating leases*".

(II) Finance leases

By contrast, when Europcar is exposed to a significant residual value risk under leasing arrangements with financial institutions or the finance divisions of car manufacturers, the arrangement is considered to be a finance lease.

In this case, such contracts are recognized in the balance sheet offsetting a liability. These assets are depreciated over their expected useful lives on the same basis as owned assets or over the term of the relevant lease if shorter.

As is the case for "at-risk" vehicles, their average holding period generally does not exceed 12 months. Therefore, vehicles financed under finance lease arrangements are recorded as current assets.

2.11 Receivables and payables related to the rental fleet

Rental fleet related receivables include:

- fleet receivables due by car manufacturers or dealers repurchasing the vehicles after the vehicle has been returned to the car manufacturer at the end of the holding period (buy-back agreements). The fleet receivables are recorded at fair value, which corresponds to their nominal value. These receivables fall due within one year and are impaired if their carrying amount is greater than the estimated recoverable amount;
- the full amount of the Group's VAT receivables, since the major portion of these are fleet-related.

Rental fleet payables are amounts due to car manufacturers or dealers. These payables are recorded at fair value and fall due within one year. Rental fleet related payables include the full amount of the Group's VAT payables, since the major portion of the Group's VAT payables is fleet related.

In addition, the rental fleet and related payables and receivables include the effects of a major operating lease signed in 2009 under which the Group acquires vehicles from a manufacturer and sells them immediately to the lessor. The receivable (from the manufacturer) and payable (to the lessor) amounts recorded at inception of the lease are settled when the vehicles are returned to the manufacturer according to the buy-back arrangement. The asset from the manufacturer and liability to the lessor are of an equivalent amount that cannot be offset in the balance sheet in the absence of an enforceable right held by the Group.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the regular course of business, which are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provisions for impairment. A provision is recognized in respect of impairment of trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of a receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered to be indicators for trade receivable impairment.

The impairment loss is recognized in the consolidated income statement in "Fleet operating, rental and revenue related costs" (see Note 6).

2.13 Cash

Cash includes cash and cash equivalents and restricted cash.

(i) Cash and cash equivalents

Cash comprises cash in hand.

Cash equivalents include short-term and highly liquid investments such as marketable securities and obligations with a maturity of less than three months at the acquisition date, readily convertible to a known amount of cash and subject to an insignificant risk of a change in value. Financial instruments classified as cash and cash equivalents are accounted for at fair value through profit and loss.

(ii) Restricted cash

Cash and cash equivalents are considered as restricted when they are (i) used to cover the future settlement of insurance claims or (ii) not immediately available for financing the activity of the subsidiaries. Therefore, cash located in the following fleet and insurance SPEs is considered restricted:

- Securitifleet Holding and Securitifleet Holding Bis;

- FCT Sinople (securitization mutual fund);
- EC Finance Plc; and
- Euroguard, a captive insurance structure.

Restricted cash and restricted cash equivalents are presented separately from cash and cash equivalents.

2.14 Financial instruments

Financial instruments are contracts that give rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

The Group classifies its financial assets in the following categories: financial instruments at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss and other financial liabilities. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Loans and receivables

This category is for non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, which arise from the lending of money, or supply of goods or services. They include loans acquired, receivables and marketable securities not classified as cash and cash equivalents. Loans and receivables are initially recognized at fair value, including transaction costs. These are subsequently valued at amortized cost, using the effective interest rate method.

For short-term receivables, amortized cost generally equals the nominal amount.

(ii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the entity has the positive intention and ability to hold to maturity. These instruments are measured at amortized cost. Held-to-maturity investments are reported as non-current investments if the maturity is greater than 12 months. Otherwise they are reported as current investments (see Note 19).

(iii) Available-for-sale financial assets

“Available-for-sale financial assets” is essentially a residual category for those financial assets that do not meet the criteria of the other categories or that are designated as available-for-sale. This category includes investments in non-consolidated companies (see Note 19).

Financial instruments classified as “available-for-sale” are measured at fair value. Gains and losses arising from changes in fair value are included as Other comprehensive income within equity except for impairment losses and monetary items such as foreign exchange gains and losses. When these investments are derecognized, the cumulative gain or loss inventoried recognized in equity is transferred to the income statement. Where these investments are interest bearing, interest determined using the effective interest method is recognized in the income statement.

Available-for-sale equity investments (*e.g.*, investments in unconsolidated companies) that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost, less any accumulated impairment losses.

Impairment of available-for-sale financial assets

In the case of available-for-sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss previously recognized directly in equity is transferred out of equity and recognized in the income statement.

Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement until the sale of the equity instrument. Increases in the fair value of equity securities after impairment are recognized directly in equity.

(iv) Financial liabilities at amortized cost

These financial liabilities include:

- loans and borrowings;
- trade and other payables;
- bank overdrafts.

For short-term trade and other payables, amortized cost generally equals the nominal amount.

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently measured at amortized cost. The effective interest rate calculation takes into account interest payments and the amortization of transaction costs. Transaction costs are amortized on an effective interest rate basis over the term of the borrowings.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of current borrowings for the purposes of the statement of financial position and statement of cash flows.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(v) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to interest rate and foreign exchange risks. In accordance with its treasury management policy, the Group does not hold or issue derivative financial instruments for trading purposes.

When derivatives are held for risk management purposes and when transactions meet the required criteria, the Group applies fair value hedge accounting, cash flow hedge accounting or hedging of a net investment in a foreign operation as appropriate to the risks being hedged.

At the inception of the transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives for undertaking the hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative instruments used for hedging purposes are disclosed in Note 29.

At December 31, 2017, the Group did not hold any derivative instruments eligible for fair value or net investment hedge accounting.

Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognized initially in shareholders' equity (see Consolidated Statement of Comprehensive Income), then recycled to the income statement in the periods during which the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognized in the income statement immediately in "Net financing costs" (see Note 13).

(vi) Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that loans and receivables are impaired. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the reporting date (a "loss event"), and said loss event has an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

Impairment of trade receivables is described in Note 22 and impairment of available-for-sale assets is described above.

2.15 Treasury shares

Europcar Groupe shares held by the parent company are recorded at cost and deducted from consolidated equity. On disposal, the gain or loss and the related tax impacts are recorded as a change in equity.

2.16 Employee benefits

The Group provides post-employment benefits through defined contribution plans as well as defined benefit plans.

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to an independent entity or a fund. The Group has no legal or implied obligation to pay further contributions after its payment of the fixed contribution if the fund does not have sufficient assets to pay all employee benefits due for current and prior periods. The Group contributes to public pension plans and insurance for individual employees which are deemed to be defined contribution plans. Contributions to the plans are recognized as an expense in the period in which the services are rendered by the employees.

(ii) Defined benefit plans

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. The defined benefit plan operated by the Group defines the amount of pension benefit that an employee will receive on retirement by reference to length of service and final salary.

The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund.

The valuation of the Group's commitments with respect to defined benefit plans is performed by an external independent actuary using the projected unit credit method. This method requires specific actuarial assumptions that are detailed in Note 30 "*Employee Benefits*". These actuarial valuations are performed at the reporting date for each plan by estimating the present value of the amount of future benefits that employees have earned in return for their service in the current and prior periods and factoring in the effects of future salary increases.

Plan assets are usually held in separate legal entities and measured at fair value as determined at each reporting date.

In accordance with IAS 19, the liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

From one financial year to the next, the differences between the projected liabilities plus their re-estimated amounts, and the expected level of dedicated assets and their actual level, constitute actuarial differences, which are cumulated within each pension plan. These actuarial differences may result either from changes in actuarial assumptions used at the reporting date or from experience-related adjustments based on changes in prior-period assumptions.

The Group recognizes actuarial gains/losses in the consolidated statement of comprehensive income in the period in which they occur.

Past service costs are recognized immediately as operating expenses in "Personnel Costs".

Unwinding of discounts and the expected return on plan assets are recognized as financial expenses (see Note 13).

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than for pension plans (or post-employment benefit plans), is the future benefit that employees have earned in return for services rendered in the current and prior periods, for example *Médailles du Travail* (long-service awards) in France and Jubilee awards in Germany. The obligation is calculated using the projected unit credit method and is discounted to its present value. The provision is recognized net of the fair value of any related assets (*i.e.* all the actuarial gains/losses and the past service costs are recognized immediately in the consolidated income statement).

(iv) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to ECG's shareholders after certain adjustments. The Group recognizes a provision when required by a contractual obligation.

The related expenses are recognized in Personnel costs (see Note 7 "*Personnel Costs*").

2.17 Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision is made for the estimated value of uninsured losses from both known and incurred but not reported third-party claims on an actuarially determined basis. Where these claims are expected to be settled over a longer period of time, the provision made represents the present value of the expected expenditure required to settle the obligation. Any excess of this prepayment over the estimated liabilities is subject to an assessment of recoverability, and a provision is set aside if necessary.

In the normal course of its business activities, the Group is subject to certain claims and investigations relating to compliance with laws and regulations in various jurisdictions, including some with fiscal or competition authorities. The Group generally records a provision whenever a risk represents the probability of a cash disbursement towards a third party without compensation and when the possible loss that may result can be estimated with sufficient accuracy.

A provision on vehicle buy-back and reconditioning costs is recognized over the holding period of the vehicles.

The impact of discounting provisions is recognized in other financial expenses.

2.18 Revenue

Revenue includes vehicle rental incomes, fees from the provision of services incidental to vehicle rental (including fuel), and fees receivable from the Europcar franchise network, net of discounts and excluding inter-company sales, VAT and sales taxes.

Revenue from services rendered is recognized proportionally over the period in which the vehicles are rented out based on the terms of the rental contract. The stage of completion is assessed on the basis of the actual service provided (number of days of rental in the accounting period).

When vehicle rental income is generated by intermediaries (such as travel agencies), the gross revenue is recognized in the consolidated income statement when Europcar:

- has the ability to determine the price;
- performs part of the service; and
- has discretion in intermediary selection.

The commission fees are recorded in the Fleet operating, rental and revenue-related costs line item in the income statement (see Note 6).

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

The Group has launched a loyalty program covered by IFRIC 13 – Customer Loyalty Programs. This program provides a free weekend rental, or discount coupons, after a certain number of rentals eligible for the program have been accumulated. Once acquired, these benefits may be used at the next rental, and are valid for 12 months.

Given its recent nature, the Group considers that the impacts of applying this standard, consisting of:

- considering the benefit accruing to the customer – such as a free weekend of car rental to be used within one year – as a separate component of a sale transaction;
- allocating a portion of the initial rental price to this weekend, and deferring it until the Group has fulfilled its obligations relating to this weekend are not material.

For this reason, no impact was reported as such in the consolidated financial statements as of the end of December 2017.

2.19 Expenses

(i) Fleet holding costs

Fleet holding costs include vehicle costs such as the costs related to rental fleet agreements with car manufacturers through the recognition of vehicle depreciation charges (see "rental fleet") or with fund lenders (via lease rents), the taxes related to the vehicle fleet, and the costs incurred for the purchase or sale of vehicles.

Costs related to rental fleet agreements mainly consist of the vehicle depreciation expenses, net of rebates and off-balance sheet fleet operating lease expenses (see in Note 2 "*Significant accounting policies*" – Section 2.10 "*Rental fleet*").

Costs related to the acquisition and disposal of vehicles include the cost of vehicle accessories and costs relating to the conditioning of new vehicles and the disposal of used cars.

Payments made under operating leases are recognized in the consolidated income statement in "Fleet holding costs" on a straight-line basis over the term of the lease.

(ii) Fleet operating, rental and revenue related costs

Fleet operating costs relate to costs incurred during the fleet operating cycle for:

- reconditioning;
- repairs;
- maintenance;
- impairment of badly damaged and wrecked vehicles, thefts; and
- insurance.

Rental costs include fuel, vehicle transfers, vehicle washing, etc. Costs related to revenue from ordinary activities include commissions, and airport and rail station fees, etc.

(iii) Payments under finance lease contracts

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability.

2.20 Option plan and similar

The Group has established plans granting free shares to management and certain employees. The fair value of these plans is equal to the value of the free shares on the grant date, and takes into account of the valuation of the restriction during any lock-in period (see Note 8). These plans result in the recognition of a personnel expense spread over the vesting period. The estimated cost to be recognized takes into account the employee turnover rate over the vesting period.

2.21 Other non-recurring income and expenses

(i) Acquisition-related expenses

Acquisition-related expenses include charges incurred in connection with the integration of acquisitions, such as legal and accounting fees, severance and consultancy costs related to headcount reductions due to the streamlining of the rental station network and its support functions, asset write-offs and transfer costs, lease termination and building refurbishment costs carried out for the purpose of integrating acquisitions.

(ii) Reorganization expenses and other non-recurring costs

Reorganization expenses include charges incurred in connection with business restructuring carried out to adapt local or corporate organizational structures to changing business conditions. They include headcount reduction expenses, fees related to Group transformation, asset write-offs and transfer costs, early lease termination costs incurred as part of restructuring programs and dispute settlement costs and provisions incurred by the Group. .

Unusual, abnormal and infrequent items are presented separately in "Other non-recurring income and expenses" to provide a clearer picture of the Group's performance.

2.22 Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, dividend income, foreign exchange gains and losses, financing arrangement costs, gains and losses on financial instruments that are recognized in the consolidated income statement, any ineffective portion of the gain or loss on cash flow hedging instruments, and the financial component of pension charges (unwinding of discounts and the expected return on plan assets).

Interest income is recognized in the income statement as it is accrued, using the effective interest method. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

2.23 Income tax benefit/(expense)

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items directly recognized in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantially enacted at the reporting date, and subject to any adjustment to tax payable in respect of previous years.

The amount of deferred tax is based on the expected pattern of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the tax asset can be utilized. This probability is assessed based on:

- the existence of temporary differences that will give rise to taxation in the future;
- forecasts of taxable profits.

2.24 Earnings per share

Basic earnings per share are calculated by dividing net income (attributable to shareholders of the parent company) by the average number of shares outstanding during the year. Treasury shares are not taken into account in the calculation of basic or diluted earnings per share. Diluted earnings per share is calculated by dividing net income attributable to shareholders of the parent company by the average number of common shares outstanding during the period, plus the average number of shares that would have been issued had all outstanding dilutive instruments been converted.

2.25 Indicators not defined by IFRS

Adjusted corporate EBITDA, defined as recurring operating income before non-fleet depreciation and amortization, after deduction of the interest expense on certain liabilities related to rental fleet financing. See Note 4 "*Segment reporting*" for a reconciliation of Adjusted corporate EBITDA to the amounts reported in the consolidated income statement.

NOTE 3 CHANGES IN SCOPE OF CONSOLIDATION

3.1 Main changes in the scope of consolidation and the equity portfolio in 2017

(i) Goldcar

On December 19, 2017 the Group acquired 100% of **Goldcar Group** for a total consideration of €562.2 million paid in cash. The legal entities of Goldcar Group acquired are presented in Note 36 "*Group entities*".

Goldcar is fully consolidated starting December 31, 2017. Consequently, there is no impact in the statement of consolidated income as of December 31, 2017.

No allocation at fair value has been performed yet considering the late stage of the acquisition. Accordingly, the difference between the total consideration paid and the carrying value of the acquired assets and liabilities assumed has been provisionally fully recorded in goodwill for an amount of €505.3 million.

Final allocation will take place in 2018.

In thousands of euros	Acquiree's carrying amount before combination
Intangible assets	26,796
Net Property plant and equipment	12,596
Net Rental fleet	195,145
Other assets	88,973
Cash	38,469
Current financial liabilities	(234,060)
Other liabilities	(70,983)
Net assets acquired	**56,936**
Consideration paid in cash	562,207
Total purchase consideration	**562,207**
PRELIMINARY GOODWILL AS OF DECEMBER 2017	**505,271**

(ii) Buchbinder

On September 20, 2017 the Group acquired 100% of **Buchbinder Group** for a total consideration of €124.8 million, including an estimated earn-out of €15 million. The legal entities of Buchbinder Group acquired are presented in the Note 36 "*Group entities*".

Buchbinder is fully consolidated starting September 1, 2017. The acquired business's contribution to the Group's revenue and operating results for the period from the date of acquisition until December 31, 2017 was €80.1 million and €9.1 million respectively.

In accordance with IFRS 3, the purchase price allocation to identified assets and liabilities has been conducted with the help of an external independent appraiser expert. As a result, Buchbinder, Global and Megadrive trademarks (for respectively €32.9 million, €4.5 million and €1.2 million) were identified.

Goodwill has been impacted by €11 million with the recognition of deferred tax liabilities related to the above identified assets and liabilities.

The allocation of the purchase price will be finalized within the 12-month period following the acquisition date, as required by accounting standards.

The net assets acquired amounted to €54.3 million and a preliminary goodwill of €70.5 million has been recognized. The final amount of goodwill may differ from the amount initially recorded.

In thousands of euros	Acquiree's carrying amount before combination	Fair value adjustments	Fair Value
Intangible assets	3,051	38,551	41,602
Net Property plant and equipment	2,617	-	2,617
Net Rental fleet	268,689	-	268,689
Other assets	48,494	-	48,494
Cash	11,597	-	11,597
Current financial liabilities	(272,398)	-	(272,398)
Deferred tax liabilities	(1,791)	(11,484)	(13,275)
Other liabilities	(32,999)	-	(32,999)
Net assets acquired	**27,260**	**27,067**	**54,327**
Consideration paid in cash			109,800
Earn out			15,000
Total purchase consideration			**124,800**
PRELIMINARY GOODWILL AS OF DECEMBER 2017			**70,473**

(iii) Europcar Denmark

On April 27, 2017 the Group acquired 100% of its **Danish franchisee** through the entities Oestergaad Biler A/Z and Nordcar finance A/S for a total consideration of €57.7 million, including an estimated earn out of €6 million.

Europcar Denmark is fully consolidated starting May 1, 2017. The acquired business's contribution to the Group's revenue and operating results for the period from the date of acquisition until December 31, 2017 was €43.4 million and €8.5 million respectively.

In accordance with IFRS 3, the purchase price allocation to identified assets and liabilities has been conducted with the help of an external independent appraiser expert. As a result, the following assets and liabilities were identified:

- Customer relationship for €4 million;
- Depreciation of real estate for €1.1 million;
- Contingent liability for €1.2 million.

Goodwill has been impacted by €0.2 million with the recognition of deferred tax assets and liabilities related to the above identified assets and liabilities.

The allocation of the purchase price will be finalized within the 12-month period following the acquisition date, as required by accounting standards.

The net assets acquired amounted to €19 million and a preliminary goodwill of €38.7 million has been recognized. The final amount of goodwill may differ from the amount initially recorded.

In thousands of euros	Acquiree's' carrying amount before combination	Fair value adjustments	Fair Value
Intangible assets	-	3,968	3,968
Net Property plant and equipment	15,659	(1,115)	14,544
Net Rental fleet	94,995	-	94,995
Other assets	10,272	518	10,790
Cash	179	-	179
Current financial liabilities	(68,350)	-	(68,350)
Deferred tax liabilities	(14,496)	(873)	(15,369)
Other liabilities	(20,519)	(1,240)	(21,759)
Net assets acquired	**17,740**	**1,258**	**18,998**
Consideration paid in cash			51,725
Earn out			6,000
Total purchase consideration			**57,725**
PRELIMINARY GOODWILL AS OF DECEMBER 2017			**38,727**

(iv) Other acquisitions of the period

- The **Irish entities**, ETL, GoCar and Irish Car Rental Ltd, acquired in December 2016, and not included in the consolidation scope as of December 31, 2016, are fully consolidated as from January 1, 2017.

  The €23.6 million investment includes an estimated earn out for €10.5 million and registration fees for €0.2 million. The net assets acquired amounted to €(0.3) million and a Goodwill of €34.6 million was recognized. According to the shareholder's agreement, a first earn out payment of €5.3 million (reference period August 31, 2017) occurred in December 2017.

  The acquired business's contribution to the Group's revenue and operating results for the period from the acquisition date until December 31, 2017 is €60.1 million and €11.5 million respectively.
- On February 17, 2017 the Group announced the exclusive takeover of Ubeeqo which until then has been consolidated under the equity method in Europcar scope. Starting March 1, 2017 Ubeeqo is fully consolidated. The change in the consolidation method led to a goodwill recognition amounting to €18.5 million (of which €13.6 million issued from the initial transaction in 2014). As part of the step by step acquisition, the effect of the revaluation of the share prior to the acquisition had no impact in the income statement.

  Ubeeqo's revenue in 2017 amounts approximately to €9.5 million, with strong growth budgeted in the coming years.
- On July 31, 2017 the Europcar Group acquired 100% of **LOR'RENT**. LOR'RENT is fully consolidated starting September 1, 2017.The €1.5 million investment includes an estimated earn out for €0.15 million. A transitional Goodwill of €1.5 million was recognized as of December 31, 2017.

  The acquired business's contribution to the Group's revenue and operating results for the period from the date of acquisition until December 31, 2017 is not significant.
- On December 20, 2017 the Group acquired 100% of **InterRent S.à.r.l**. InterRent S.à.r.l is fully consolidated starting December 1, 2017.Europcar franchisee in Luxembourg. The investment made amounted to €3.7 million and the net asset acquired amounted to €5.1 million. The Badwill recognized arising from this acquisition equals to €1.4 million was accounted for in non-recurring income.

  The acquired business's contribution to the Group's revenue and operating results for the period from the date of acquisition until December 31, 2017 is not significant.

(v) Acquisition of a minority stake & Acquisitions of assets

- Pursuant to a subscription and share purchase agreement dated February 28, 2017, Europcar Lab acquired an additional minority stake of up to 33.33% in **Wanderio** for a total amount of €1.8 million. This acquisition completes a first minority equity investment performed on July 19, 2016. Based on the percentage owned by Europcar, the net assets acquired amounts to €0.2 million.

  Europcar has now a significant influence over Wanderio which is consolidated in the Group's consolidated financial statements under the equity method.
- On May 23, 2017, pursuant to a share purchase agreement, Europcar Lab acquired a minority stake in **SnappCar** representing 12.6% of share capital and amounting to €4.9 million. In December 2017 a second investment step representing 7.8% of share capital was performed and amounted to €3.1 million.

  The shareholders' agreement doesn't allow Europcar to have a significant influence over its investee. Consequently, Snappcar is a minority investment not included in consolidation scope.
- On March 9, 2017 Europcar Australia acquired assets from its **franchisee** in the Queensland region of **Australia** for an amount of AUD 2.5 million (€1.7 million). Provisional Goodwill of the same amount was recognized as at December 31, 2017.
- On December 21, 2017, according to the shareholder's agreement, Europcar acquired the remaining 20% stake of E-Car Club to the founders. Following this acquisition Europcar owns 100% of E-Car Club.

3.2 Supplemental pro-forma financial data for Buchbinder and Goldcar acquisitions

The 12-month pro forma figures in the table below were calculated as if the acquisition of Buchbinder and Goldcar had occurred on January 1, 2017 and were prepared based on the following information:

- for the Europcar Group, the audited consolidated statement of income for the twelve months ended December 31, 2017 as shown in the present document;
- for Goldcar, consolidated statement of income for the twelve months ended December 31, 2017;
- for Buchbinder, consolidated statement of income for the eight months ended August 31, 2017.

No audit procedures were performed on pre-acquisition financial data of acquired entities and restated in this pro forma financial information.

The Europcar Group, Goldcar and Buchbinder consolidated statement of income for the twelve months ended December 31, 2017 are prepared in accordance with IFRS.

The Pro Forma consolidated statement of income of Buchbinder includes any adjustment related to re-measurement of identifiable assets and liabilities at fair value in accordance with IFRS 3. It's not the case for the Pro Forma consolidated statement of income of Goldcar as the allocation of the purchase price is not performed as at December 31, 2017.

The pro forma adjustments to the Pro Forma Consolidated statement of income are limited to those that are (i) directly attributable to the Transactions, (ii) factually supportable.

The following items are not taken into account in the Pro Forma Consolidated statement of income:

- additional costs resulting from the reorganization and upcoming changes in strategy; and
- synergies pursuant to the acquisitions of Goldcar and the Buchbinder Group (excepted for fleet financing costs due to the implementation at the acquisition date of a new Asset-Backed Bridge dedicated to the refinancing of the existing fleet debt of Goldcar).

The tax effect of the pro forma adjustments was calculated using a standard rate by country (France: 34.43%, Spain: 25%, Germany: 29.97%).

In millions of euros	Europcar Groupe for the twelve-month period ended Dec. 31, 2017	Buchbinder for the period to Jan 1, 2017 to August 31, 2017	Goldcar for the twelve-month period ended Dec. 31, 2017	Financing costs related to the New Parent Notes and related to the Bridge-to-Asset-Backed Facility	Pro forma for the twelve-month ended Dec. 31, 2017
Revenue	**2,411.7**	**144.2**	**269.6**	**-**	**2,825.5**
Current operating income	293.9	12.9	46.3	-	353.1
Operating income	**223.2**	**12.9**	**22.2**	**-**	**258.3**
Net Financing costs	(140.7)	(3.1)	(35.8)	(5.2)	(184.8)
NET PROFIT FOR THE PERIOD	**61.1**	**6.8**	**(14.4)**	**(2.0)**	**51.5**

Acquisition costs incurred by Europcar Groupe for the acquisition of Goldcar and Buchbinder amounts to €9.2 million.

Goldcar net profit of the period includes €(31) million expenses related to the settlement of transactions carried out by its former shareholder in 2014.

On a pro forma basis, the financial result is impacted by €(5.2) million detailed as follows:

- The additional non-fleet financing costs related to the New Parent Notes (€20.6 million in addition to €4.1 million already recorded in Europcar income statement in 2017);
- The adjustment of the fleet and corporate financing costs related to the refinancing at the acquisition date of the existing debt of Goldcar by the Asset-Backed Bridge. This adjustment calculated as if the financing occurred on January 1, 2017 amounts to €15.4 million and includes:
  - i) The cancellation of the historic total net financing costs of Goldcar, related to the former debt structure of Goldcar;
  - ii) The addition of financing costs related to the new debt structure implemented at the acquisition date, which includes:
    - the fleet financings costs of the Asset-Backed Bridge which allows Goldcar to finance its fleet value in Spain, Italy and France (including the related receivables) with a 75% advance rate. These fleet financing costs are based on an interest rate at Euribor +2.25% (contractual interest rate of the Asset-Backed Bridge) applied for the twelve-month period ended December 2017 to 75% of the average fleet value of Goldcar in Spain, Italy and France,
    - the fleet financings costs related to the financing of the 25% fleet value not covered by the Asset-Backed Bridge. These fleet financing costs are based on an interest rate at Euribor +2,50% (contractual interest rate of the RCF) applied for the twelve-month period ended December 2017 to 25% of the average fleet value of Goldcar in Spain, Italy and France,
    - the fleet financings costs related to the financing of the fleet value of Goldcar in the countries not covered by the Asset-Backed Bridge (Portugal, Greece, Turkey, and Croatia). These fleet financing costs are based on an interest rate at Euribor +2,50% (contractual interest rate of the RCF) applied for the twelve-month period ended December 2017 to the average fleet value of Goldcar in these four countries,

- the non-utilisation fees related to the undrawn portion of the Asset-Backed Bridge. These fees are based on the contractual non-utilisation fee (0,50%) applied to the difference between €450 million (total commitment of the Asset-Backed Bridge) and 75% of the average fleet value of Goldcar in Spain, Italy and France,
- the annual amortization of the capitalized costs related to the Asset-Backed Bridge.

3.3 Main changes for the scope and portfolio for the year 2016

- In June 2016, Ubeeqo, an innovative mobility sector start-up in which Europcar holds a stake, acquired Bluemove, a Spanish start-up technology leader in the Spanish car-sharing market for individuals, for €8 million. In December, Ubeeqo also acquired GuidaMi, a key player in the closed loop car-sharing segment in Milan for €0.6 million. These transactions are part of the Group's acquisition strategy to become the reference player in urban mobility.
- In July 2016, the Group acquired 100% of Locaroise. The €9 million investment was made by the Group's French subsidiary, Europcar France. Since the net assets acquired amounted to €5.6 million, goodwill of €3.4 million was recognized and is primarily related to the synergies the Group expects from this merger. The acquired business's contribution to the Group's revenue and operating results for the period from the date of acquisition until December 31, 2016 was €8 million and €1.9 million respectively.
- In August 2016, the Group acquired 100% of the Brunel Group, a leader in private chauffeur services available on a cell phone app. The investment of €5.4 million (GBP 4.6 million) was made by the Group's British subsidiary Europcar UK. The purchase price includes an estimated earn-out of €2.2 million (GBP 1.9 million). Since the net assets acquired amount to €0.1 million (GBP 0.1 million), goodwill of €7.5 million was recognized and is primarily related to the synergies the Group expects from this integration.

  The acquired business's contribution to the Group's revenue and operating results for the period from the date of acquisition until December 31, 2016 was €4.8 million and €0.1 million respectively.
- In December 2016, the Group expanded its network of subsidiaries by acquiring 100% of its Irish franchisee. In addition to its car rental business, the Group also acquired Europcar Ireland's car-sharing service, launched in 2012, which operates under the GoCar brand. The €23.6 million investment was made by the Group's French subsidiary, Europcar Participations (formerly EC2). The Group also granted Europcar Ireland a loan of €22.4 million. The net assets acquired amounted to €(0.3) million and annual revenue is approximately €50 million.

  Given the late stage of the acquisition, the company was not included in the scope of consolidation at December 31, 2016. The calculation of the first consolidation discrepancy and the allocation at fair value of the purchase price will be made in the first quarter of 2017. The investment shares are classified in "other non-current investments" in the balance sheet for a total amount of €23.6 million.
- On December 31, 2016, Europcar bought 19% of the capital of E-Car Club Holding, *i.e.* Centrica's remaining 10% plus 9% from management, who will continue to hold a 20% stake until the same period next year. The holding in E-Car Club thus rose from 60.8% to 80%.

NOTE 4 SEGMENT REPORTING

Europcar operates a car rental activity:

- first, with its own rental fleet in sixteen wholly-owned subsidiaries in Europe and two in Australia and New Zealand;
- and second, through a partners and franchisees network present both in the countries in which Europcar operates directly ("domestic franchises"), but especially in the other countries ("international franchises").

In total, the Europcar Group is present in more than 133 countries and territories.

The chief operating decision maker within the meaning of IFRS 8 – Operating Segments, is the Group's Management Board.

The Group is now organized around five Business Units (Cars, Low Cost, Vans & Trucks, International Coverage & New Mobility Services); this organization aims to better answer clients' needs, better position Europcar to catch external growth opportunities and improve operational efficiency in an increasingly competitive environment.

The new Group organization by Business Units has been in effect since January 2017. These new Business Units benefit from the network's strength in different Corporate Countries as well as the experience of their managers. The support functions ensure the implementation of the Group's strategy and bring their expertise to the Business Units and Corporate Countries.

For this purpose, the Group has created:

- a Group Executive Committee whose task is to roll out the Group's strategy within the Business Units;
- a Committee of Country Managing Directors whose role is to ensure the smooth roll-out of the Business Unit strategy at the local level and operational excellence in business management. It is run by Kenneth McCall and includes all Corporate Country Managing Directors.

However, the Group is still mainly managed day to day on the basis of reporting data from individual countries. Following the operations of external growth conducted in 2017 and the implementation of this new organization, the internal reporting system and management tools already in operation will have to be adapted. The Group expects to be able to provide reports on the principal financial figures in the table below "Segment reporting information" based on segmentation by BU as from the closing of 2018 financial statements.

Consequently, the Group continues to present the segment reporting required by IFRS 8 according to two geographic segments. The Group discloses a global reconciliation of its segment reporting information to its IFRS consolidated financial statements.

Segment reporting is complemented by information on revenues of Business Units.

The Group presents two geographical segments: Europe and Rest of the World, within which the nature of the services provided, and the category of customers targeted, are identical. The distinction between the two segments is mainly based on criteria related to the dynamics of the economic zones, the organization of customers, interdependencies between the countries regarding the management of customer contracts and the fleet, as well as daily operational management.

- Europe: European countries in which the Group operates its fleet directly (Belgium, France, Germany, Italy, Portugal, Spain, Ireland, the United Kingdom, Denmark and Luxembourg), organized on shared service, customer and distribution criteria, as well as franchised European countries (Austria, Finland, Greece, Netherlands, Norway, Sweden, Switzerland and Turkey) which have similar economic characteristics and offer synergies in terms of fleet negotiation and customer management.
- Rest of the world: all countries other than those cited above, including Australia and New Zealand, where the Group operates the fleet directly.

Buchbinder operates mainly in Germany and Goldcar in Spain. The financial data related to those two recent acquisitions are not allocated by geographical areas. They will be allocated by Business Unit once the BU organization is fully implemented.

The Group Executive Committee members regularly review the operating and financial performance of the segments, which are measured as follows:

- Revenue from operations: includes vehicle rental income, territorial fees, other commissions related to the Group's trademarks and billed to franchisees, and fuel sales;
- Adjusted Corporate EBITDA: recurring operating income before depreciation and amortization, after deduction of the interest expense on liabilities related to rental fleet financing.

SEGMENT REPORTING INFORMATION

		Twelve months 2017			
In thousands of euros	**Note**	**Europe**	**Rest of the world**	**Eliminations & Holding companies**	**Segment total**
Segment revenue		**2,243,411**	**174,328**	**(6,078)**	**2,411,661**
Current operating income		**220,649**	**38,559**	**34,702**	**293,910**
Reversal of depreciation and impairment charges		14,636	1,162	14,055	29,853
Net fleet financing expenses	13	(58,791)	(3,074)	1,925	(59,940)
Adjusted corporate EBITDA of the segments		**176,494**	**36,647**	**50,682**	**263,823**
Total assets		2,334,809	162,064	3,631,228	6,128,101
Total liabilities		2,440,074	127,237	2,722,795	5,290,106

In thousands of euros	Note	Twelve months 2016 Europe	Rest of the world	Eliminations & Holding companies	Segment total
Segment revenue		**1,997,209**	**159,441**	**(5,892)**	**2,150,758**
Current operating income		**212,773**	**35,343**	**35,353**	**283,469**
Reversal of depreciation and impairment charges		11,371	1,029	19,935	32,335
Net fleet financing expenses	13	(59,823)	(2,442)	315	(61,950)
Adjusted corporate EBITDA of the segments		**164,321**	**33,930**	**55,603**	**253,854**
Total assets		1,602,962	215,906	2,695,896	4,514,764
Total liabilities		1,660,032	205,786	2,017,680	3,883,498

(i) Information about revenue and services

Revenue and services are distributed as follows:

In thousands of euros	Twelve months 2017 Europe	Rest of the world	Eliminations & Holding companies	Segment total
Vehicle rental income	2,104,292	150,747	301	2,255,340
Other revenue associated with car rental	108,186	3,176	(6,379)	104,983
Franchising business	30,933	20,405	-	51,338
SEGMENT REVENUE	**2,243,411**	**174,328**	**(6,078)**	**2,411,661**

In thousands of euros	Twelve months 2016 Europe	Rest of the world	Eliminations & Holding companies	Segment total
Vehicle rental income	1,865,005	137,385	-	2,002,390
Other revenue associated with car rental	99,930	3,056	(5,892)	97,094
Franchising business	32,274	19,000	-	51,274
SEGMENT REVENUE	**1,997,209**	**159,441**	**(5,892)**	**2,150,758**

(ii) Disclosure by country and customer segment

In thousands of euros	Twelve months 2017	Twelve months 2016
Vehicle rental income	2,255,340	2,002,390
Breakdown of customers by segment		
Leisure	56.4%	58.1%
Business	43.6%	41.9%

(iii) Segment information by geographical areas

The Group operates in four main markets: France, Germany, the United Kingdom, and other European countries. Revenue has been identified based on where the rental service is provided. Non-current assets are allocated based on their physical location.

Revenue and non-current assets include items directly attributable to a geographical area as well as those that can be allocated on a reasonable basis. Unallocated items include income and non-current assets related to holding companies and eliminations.

Car rental customers comprise both individuals and corporate customers.

In thousands of euros	France	United Kingdom	Germany	Other European countries	Goldcar	Buchbinder	Rest of the world (2)	Unallocated items	Total
December 31, 2017									
Revenue from external customers	378,524	401,141	556,713	826,930	-	80,103	174,328	(6,078)	2,411,661
Non-current assets (1)	106,381	115,510	209,582	198,127	548,593	115,968	35,334	853,734	2,183,229
Goodwill	*93,875*	*92,380*	*180,384*	*111,792*	*505,274*	*70,473*	*27,888*	*56,727*	*1,138,793*

In thousands of euros	France	United Kingdom	Germany	Other European countries	Goldcar	Buchbinder	Rest of the world (2)	Unallocated items	Total
December 31, 2016									
Revenue from external customers	364,952	409,317	546,789	676,151	-	-	159,441	(5,892)	2,150,758
Non-current assets (1)	102,932	113,055	209,469	122,811	-	-	35,642	815,544	1,399,453
Goodwill	*91,878*	*94,605*	*180,384*	*38,374*	-	-	*27,455*	*26,800*	*459,496*

(1) The non-current assets presented in "Unallocated items" primarily reflect trademarks.
(2) The rest of the world primarily corresponds to Australia and New Zealand.

(iv) Revenue of Business Units (Cars, Vans & Trucks, Low Cost, International Coverage & New Mobility Services)

In € thousands	CARS	VANS	LOWC	MOBI	ICOV	TOTAL
Segment revenue	1,938,640	267,288	130,626	24,692	50,415	2,411,661

NOTE 5 FLEET HOLDING COSTS

In thousands of euros	Twelve months 2017	Twelve months 2016
Costs related to rental fleet agreements (1)	(514,323)	(465,457)
Purchase and sales related costs (2)	(50,738)	(37,447)
Taxes on vehicles	(40,332)	(33,391)
TOTAL FLEET HOLDING COSTS	**(605,393)**	**(536,295)**

(1) The costs relating to rental fleet agreements mainly consist of: (i) vehicle depreciation expenses, and (ii) fleet operating lease expenses (see Note 2 "Significant accounting policies" – Section 2.10 "Rental Fleet").
During the year ended December 31, 2017, the Group recognized a depreciation expense, net of volume rebates, of €232.3 million (€203.5 million in 2016), in the income statement under the item "Costs related to rental fleet agreements". This depreciation expense relates to vehicles subject to manufacturer or dealer buy-back agreements and "at-risk" vehicles.
"Costs related to rental fleet agreements" also include operating lease payments amounting to €284.4 million (December 2016: €256.8 million) relating to operating lease agreements. The off-balance sheet rental commitments in respect of rental fleets operated under operating leases are presented in Note 33(a) "Operating leases".
(2) The costs related to the acquisition and disposal of vehicles include the costs for vehicle accessories and the conditioning of new vehicles and the sale of used cars.

NOTE 6 FLEET OPERATING, RENTAL AND REVENUE RELATED COSTS

In thousands of euros	Twelve months 2017	Twelve months 2016
Fleet operating costs (1)	(297,284)	(239,012)
Revenue-related commissions and fees (2)	(310,950)	(286,104)
Inc. trade receivables allowances and write-offs	*(8,455)*	*(9,602)*
Rental related costs (3)	(233,691)	(228,187)
TOTAL FLEET OPERATING, RENTAL AND REVENUE RELATED COSTS	**(841,925)**	**(753,303)**

(1) Fleet operating costs mainly comprise insurance, repair and maintenance costs as well as the costs incurred for damaged and stolen cars and for the reconditioning of vehicles before they are repurchased by the car manufacturers or dealers.
(2) Ordinary revenue-related costs include commissions for agents and travel agents, and airport and railway concession fees.
(3) Rental-related costs include vehicle transfer costs incurred during the holding period, vehicle washing costs and fuel costs.

NOTE 7 PERSONNEL EXPENSES

PERSONNEL COSTS

In thousands of euros	Twelve months 2017	Twelve months 2016
Wages and salaries (1)	(308,687)	(254,054)
Social security contributions	(73,850)	(67,511)
Post-employment benefits	(6,686)	(5,433)
Other items	(15,526)	(12,160)
TOTAL PERSONNEL EXPENSES	**(404,749)**	**(339,158)**

(1) Includes the costs relating to bonuses and profit-sharing, as well as the IFRS 2 impacts on bonus share plans implemented amounted of €(2.4) million in 2017 including social charges, compared with a positive amount of €0.2 million in 2016.

HEADCOUNT

in average number of FTEs	At December 31, 2017	At December 31, 2016
TOTAL HEADCOUNT	**7,441**	**6,461**

Data shown in the table above correspond to average annual data excluding the acquisitions completed during the year 2017. The Group also uses a certain number of temporary workers as well as external service providers, mainly for vehicle transit and cleaning during peak periods, and in accordance with the applicable legislation in each of the countries in which the Group operates.

NOTE 8 SHARE-BASED PAYMENTS

- The Europcar Extraordinary General Meeting held on June 8, 2015 authorized the Management Board to award free shares in the Company. The Management Board, at its meeting held on June 25, 2015, pursuant to said delegation of authority approved the decision and the principle of two free share plans.

  "**AGA 13 T1" and "AGA 13 T2**" plan benefited members of the Group's Executive Committee.

  Vesting of these free shares, following vesting periods of two to three years, and subject to the condition that the employee should be still working for the Company at the end of this period, depended on the achievement of:

  - for the years ended December 31, 2015 and 2016: performance conditions related to the Adjusted Corporate EBITDA; and
  - for the year ended December 31, 2017: performance conditions related to: (i) the Adjusted Corporate EBITDA; and (ii) fluctuations in the Company's stock price as compared with movements in the SBF 120 index.

  Vesting period of AGA 13 T1 ended on June 25, 2017. The number of free shares definitely acquired by the beneficiaries were delivered on June 26, 2017; this led to a capital increase of 285.711 new shares of €1 each.

  Vesting period of AGA 13 T2 ended on December 31, 2017. The number of free shares definitely acquired by the beneficiaries was nil.

  "**AGA 100**" **plan** benefited the Group's top 100 senior executives. The shares vested following a two-year vesting period, subject to condition of continuous employment within the Group during the acquisition period and to the achievement performance conditions (i) the Adjusted Corporate EBITDA and (ii) to movements in the Company's stock price as compared with movements in the SBF 120 index.

  Vesting period of "AGA 100" ended on June 25, 2017. The number of free shares definitely acquired by the beneficiaries was nil.

  The number of free shares initially granted on AGA100 and AGA13 was 1,991,844. As of December 31, 2017, there are no more free shares related to those plans outstanding.

- The Company's Extraordinary General Meeting dated as of May 10, 2016, in its 12th resolution, authorized the implementation free performance shares award scheme, in favour of some employees or managers of the Group. This authorization has been given for a 26-months period and is valid until July 8, 2018. "**AGA17**" benefited to key managers in the Group.

  The acquisition of these performance shares, following a vesting period of two years (or three years for non-French residents under option), is subject to the beneficiary's continued employment with the Group on the vesting date, and the achievement of the following performance conditions for the fiscal year ended December 31, 2017 and December 31, 2018, performance conditions related to (i) Group EBITDA, (ii) revenue, and (iii) a relative TSR (Total Shareholder Return).

  When the vesting period is equal to 2 years, a one-year retention period is required for fee shares. No retention period is required when the vesting period is equal to 3 years.

The number of free shares initially granted was 591,000. As of December 31, 2017, 576,100 free-shares on AGA 17 are still outstanding.

The details of the plans are below:

	Type of plan	Grant Date	Number of shares initially granted	Number of shares outstanding	Vesting period	Vesting date	Estimated fair value (in €) *
AGA 100	Free shares	June 25, 2015	359,201	0	2 years	June 25, 2017	5.91
AGA13 –T1	Free shares	June 25, 2015	653,057	0	2 years	June 25, 2017	11.73
AGA13 –T2	Free shares	June 25, 2015	979,586	0	2,5 years	December 31, 2017	6.53
AGA 17	Free shares	March 14, 2017	195,400	195,400	2 years	March 14, 2019	9.19
AGA 17	Free shares	April 25, 2017	326,100	313,200	2 years	April 25, 2019	10.27
AGA 17	Free shares	July 4, 2017	69,500	67,500	2 years	July 4, 2019	11.82

* *Fair value at grant date.*

For those plans, the employer's contribution, at the rate of 30%, was calculated on a basis corresponding to the unit fair value of the shares as estimated on the grant date.

Movements relating to the free shares in 2017 and 2016, to which IFRS 2 standard "Share-based payments" applies, are as follows:

	Number of free shares
Currently vesting as of January 1, 2016	**1,863,333**
Canceled	(403,574)
Currently vesting as of December 31, 2016	**1,459,759**
Granted	591,000
Canceled	(1,188,948)
Delivered	(285,711)
CURRENTLY VESTING AS OF DECEMBER 31, 2017	**576,100**

The cumulative charge for these plans amounts to €6.4 million as at December 31, 2017 (compared to €3.1 million at December 31, 2016).

In December 31, 2017, the impact on the income statement for services received was an expense of €2.1 million compared with a profit of €0.2 million as at December 31, 2016. The counterpart has been credited to equity.

Significant assumptions used

The weighted average fair value of the allocated shares was determined on the grant date using the Monte Carlo simulation model.

For AGA100 and AGA13 plans, the dividend rate was 2.20% (only for 2017) and the borrowing rate was the risk-free rate +1%. The fair values on the grant date were calculated by deducting the dividends discounted during the vesting period and the discounted cost of non-transferability during the lock-in period.

For AGA17, the dividend rate was 3%. The fair values on the grant date were calculated by deducting the dividends discounted during the vesting period. The discounted cost of non-transferability was considered to be nil as there is a 1-year lock-in period.

NOTE 9 NETWORK AND HEAD OFFICE OVERHEAD COSTS

In thousands of euros	Twelve months 2017	Twelve months 2016
Network costs (1)	(98,768)	(84,374)
IT costs	(38,677)	(36,022)
Telecom costs	(7,952)	(6,431)
Head office costs (2)	(74,250)	(59,269)
Sales and marketing costs	(30,343)	(29,801)
TOTAL NETWORK AND HEAD OFFICE OVERHEARD COSTS	**(249,990)**	**(215,897)**

(1) Network costs consist of rental expenses for premises and network overhead costs.
(2) Head office costs consist of rental and traveling expenses and audit and consulting fees incurred at Group level.

NOTE 10 AMORTIZATION, DEPRECIATION AND IMPAIRMENT EXPENSE

In thousands of euros	Twelve months 2017	Twelve months 2016
Amortization of intangible assets	(13,390)	(14,086)
Depreciation of property, plant and equipment	(16,463)	(15,337)
Impairment expense	-	(2,912)
TOTAL AMORTIZATION, DEPRECIATION AND IMPAIRMENT EXPENSE	**(29,853)**	**(32,335)**

NOTE 11 OTHER INCOME AND EXPENSES

This category includes net income related to certain commercial agreements, the release of provisions and other items.

In thousands of euros	Twelve months 2017	Twelve months 2016
Contractual income	2,680	1,650
Release of surplus provisions	383	959
Foreign exchange gains/(losses) on operating activities	2,458	2,748
Gains (losses) on the disposal of property, plant and equipment	3,049	365
Other items, net	5,589	3,977
TOTAL OTHER INCOME AND EXPENSES	**14,159**	**9,699**

NOTE 12 OTHER NON-RECURRING INCOME AND EXPENSES

In thousands of euros	Twelve months 2017	Twelve months 2016
Reorganization charges	(34,528)	(17,608)
Inc.: Reorganization – redundancy expenses	*(20,155)*	*(9,199)*
Reorganization and transformation expenses	*(14,373)*	*(8,409)*
Disputes [(1)]	(19,877)	-
Merger and Acquisitions costs	(12,938)	(2,326)
Other	(3,333)	(787)
Total other non-recurring expense	**(36,148)**	**(3,113)**
TOTAL OTHER NON-RECURRING INCOME AND EXPENSES	**(70,676)**	**(20,721)**

(1) In 2017, €45 million reversal of the provision related to the proceedings with the Authority of the French Competition (Note 35 "Contingencies") and €43 million due to the accrual of provision related to the Trading Standard investigation in the UK (Note 35 "Contingencies").

NOTE 13 NET FINANCING COSTS

In thousands of euros	Twelve months 2017	Twelve months 2016
Net fleet financing expenses	(59,940)	(61,950)
Net other financing expenses	(41,270)	(32,239)
Gross financing costs	**(101,210)**	**(94,189)**
Income/(Expense) on derivative financial instrument	1,389	(461)
Amortization of transaction costs	(9,896)	(7,813)
Foreign exchange losses	(881)	(7,444)
Cost of discounting social commitments	(1,866)	(2,270)
Non amortized transaction costs	(6,809)	(5,117)
Redemption premium bond	(8,903)	-
Other	(12,489)	(5,750)
Other financial expenses	**(39,455)**	**(28,855)**
Foreign exchange gains	-	1,983
Other financial income	**-**	**1,983**
NET FINANCING COSTS	**(140,665)**	**(121,061)**

For the year ended December 31, 2017, the total interest expense on financial liabilities at amortized cost amounted to €102.0 million (December 2016: €95.2 million) and the total interest income on financial assets at amortized cost amounted to €0.8 million (December 2016: €1 million).

NOTE 14 TAX

14.1 Tax in the Income statement

In thousands of euros	Twelve months 2017	Twelve months 2016
Current tax	(18,966)	(29,272)
Deferred tax (1)	5,556	22,644
TOTAL INCOME TAX EXPENSE	**(13,410)**	**(6,628)**

(1) In 2016, deferred tax takes into account the decrease in the corporate tax rate in France from 34.43% to 28.92% as of 2020, introduced by the Finance law for 2016. This change led to a positive impact of €19 million related to the revaluation of deferred tax liabilities calculated on the Europcar brand.
In 2017, deferred tax takes into account the decrease in the corporate tax rate in France from 28.92% to 25.83% as of 2022, introduced by the Finance law for 2017. This change led to a positive impact of €11 million related to the revaluation of deferred tax liabilities calculated on the Europcar brand.

The table below presents the theoretical tax expense based on ECG's statutory tax rate (*i.e.*, the standard corporate income tax rate in France of 33.33% to which is added the corporate income tax social security contribution of 3.3% on the amount of corporate income tax above €763,000) which can be reconciled to the tax expense reported in the income statement as follows:

In thousands of euros	Twelve months 2017	Twelve months 2016
Profit/loss before tax	**82,569**	**141,687**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(28,428)**	**(48,783)**
Impact of differences in tax rates (1)	18,218	24,746
Permanent differences (2)	17,529	(234)
Capitalization of losses and temporary differences that were formerly not recognized	9,332	23,034
Unrecognized deferred tax assets (3)	(28,551)	(6,619)
Impact of French business contribution on added value (CVAE), Italy's regional tax on productive activities (IRAP) *and German* Trade Tax	(10,307)	(14,055)
Other (4)	8,797	15,282
INCOME TAX BENEFIT/(EXPENSE)	**(13,410)**	**(6,628)**
Effective tax rate	(16.24%)	4.68%

(1) In 2016, €19 million related to the decrease in the corporate tax rate in France from 34.43% to 28.92% as of 2020.
In 2017, €11 million related to the decrease in the corporate tax rate in France from 28.92% to 25.83% as of 2022.
(2) Includes, in 2017, €15 million attributable to the €45 million tax provision release related to ALDC litigation in France.
(3) In 2017, mainly related to unrecognized deferred tax assets in France (€23 million). In 2016, related to unrecognized deferred tax assets in Spain (€3 million) and Italy (€3 million).
(4) Includes, in 2017, a reversal of provision for tax risk in France for €9 million and (€2 million) for adjustments on previous years. Includes, in 2016, a reversal of provision for tax risk in France for €9 million and €3 million for adjustments on previous years.

14.2 Deferred taxes in the consolidated balance sheet

(i) Deferred tax assets and liabilities and temporary differences recognized during the period

In thousands of euros	January 1, 2017	Reclassification	Changes in scope of consolidation	Recognized in income statement	Fair value adjustment in OCI	Translation reserve	December 31, 2017
Property, plant and equipment	(2,324)	-	(1,843)	(749)	(46)	46	(4,916)
Intangible assets	(224,623)	-	(12,460)	(52)	-	24	(237,111)
Rental fleet	248	-	(14,724)	(1,236)	61	(65)	(15,716)
Investments in subsidiaries	73	-	-	-	-	(2)	71
Other financial assets	(262)	-	-	2,694	-	-	2,432
Receivables and other assets	240	-	(136)	2,776	4,909	(10)	7,779
Prepaid and deferred charges	2,136	-	-	(168)	1,061	(46)	2,983
Employee benefits	15,561	-	-	(1,573)	(2,946)	12	11,054
Deferred income	1,910	-	(287)	8,809	13	-	10,445
Provisions	18,560	-	383	3,243	422	24	22,632
Derivative liabilities	-	-	-	-	29	-	29
Other debt	5,655	37	(353)	1,753	(11,591)	37	(4,462)
Tax losses carried forward	133,721	-	2,533	(9,904)	6,388	(4)	132,734
DEFERRED TAX ASSETS/ (LIABILITIES)	**(49,105)**	**37**	**(26,887)**	**5,593**	**(1,700)**	**16**	**(72,046)**
Deferred tax assets	**58,743**	-	-	-	-	-	**56,757**
Deferred tax liabilities	**(107,848)**	-	-	-	-	-	**(128,803)**

In thousands of euros	January 1, 2016	Reclassification	Recognized in income statement	Fair value adjustment in OCI	Translation reserve	December 31, 2016
Property, plant and equipment	(2,254)	(43)	(231)	(40)	244	(2,324)
Intangible assets	(244,848)	-	20,023	-	202	(224,623)
Rental fleet	(6,211)	-	6,099	61	299	248
Investments in subsidiaries	54	-	-	28	(9)	73
Other financial assets	(336)	-	74	-	-	(262)
Receivables and other assets	(4,519)	-	23	4,763	(27)	240
Prepaid and deferred charges	(31)	-	(200)	2,453	(86)	2,136
Employee benefits	14,131	-	(1,831)	3,155	106	15,561
Deferred income	2,679	-	(782)	13	-	1,910
Provisions	19,601	-	(783)	(351)	93	18,560
Derivative liabilities	-	-	-	-	-	-
Other debt	13,768	-	(3,094)	(4,983)	(36)	5,655
Tax losses carried forward	132,564	-	3,378	(1,862)	(359)	133,721
DEFERRED TAX ASSETS/ (LIABILITIES)	**(75,402)**	**(43)**	**22,676**	**3,237**	**427**	**(49,105)**
Deferred tax assets	**55,730**	**-**	**-**	**-**	**-**	**58,743**
Deferred tax liabilities	**(131,132)**	**-**	**-**	**-**	**-**	**(107,848)**

Aside from the French tax group, on which a portion of tax losses have been recognized as deferred tax assets for 50% of the amount of the deferred tax liabilities related to the Europcar trademark, the other deferred tax assets recognized must be used within five years.

(ii) Unrecognized deferred tax assets

Deferred tax assets are recognized up to the amount of available deferred tax liabilities and recoverability projections derived from business plans.

in thousands of euros	Twelve months 2017	Twelve months 2016
Relating to temporary differences	33,014	23,253
Relating to tax losses carried forward	103,100	91,875
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS (1)	**136,114**	**115,128**

(1) Unrecognized deferred tax assets are primarily in France (€86 million in 2017 and €63 million in 2016), in Spain (€31 million in 2017 and 2016) and Italy (€19 million in 2017 and €20 million in 2016).
All tax losses, including Spain since 2015, may be carried forward indefinitely. Certain tax jurisdictions (for example France, Spain, Italy) may cap the use of tax losses according to a percentage defined by tax laws which may be modified each year.

NOTE 15 GOODWILL

In thousands of euros	Gross value	Impairment loss	Fair value
Balance at January 1, 2016	**648,581**	**(191,509)**	**457,072**
Acquisitions (1)	11,041	-	11,041
Impairment	-	(58)	(58)
Reclassification	6,178	(6,178)	-
Effect of movements in foreign exchange rates	(12,236)	3,677	(8,559)
BALANCE AT DECEMBER 31, 2016	**653,564**	**(194,068)**	**459,496**
Balance at January 1, 2017	**653,564**	**(194,068)**	**459,496**
Acquisitions (1)	682,513	-	682,513
Impairment	-	-	-
Reclassification	429	-	429
Effect of movements in foreign exchange rates	(3,923)	278	(3,645)
BALANCE AT DECEMBER 31, 2017	**1,332,583**	**(193,790)**	**1,138,793**

(1) In 2016 primarily related to the acquisition of Locaroise and Brunel (respectively €3.4 million and €7.5 million).
In 2017 €505.3 million related to Goldcar acquisition, €70.5 million related to Buchbinder acquisition, €34.7 million related to the Irish franchisee, €38.7 million related to the Danish franchisee, €29.9 million related to the Ubeeqo takeover and its full integration in Group financial statements as at March 1, 2017(including €11.5 million of pre-acquisition goodwill on Bluemove and Guidami), €1.7 million related to Australian Franchisee acquisition of assets and €1.5 million related to the acquisition of the franchisee Lor'Rent.

Goodwill arises from past acquisitions of franchisees in the normal course of the Group's business and from acquisitions of subsidiaries.

15.1 Annual impairment test

In accordance with IAS 36 – Impairment of Assets, the Group performs impairment testing of the carrying value of goodwill. The Group prepares and internally approves formal three-year business plans for each of its geographical segments. For impairment testing purposes, the three-year plan is extended to five years. The 2018 budget and the 2019 and 2020 business plans were prepared taking into account (i) economic growth forecasts in the countries where the Group operates, (ii) current macroeconomic data for each country, (iii) air traffic growth forecasts, (iv) trends in the vehicle rental market and competitive pressure, and (v) new projects and products in the development phase. Beyond 2020, revenue growth assumptions are conservative, and the projected profit margin is stable. The Group considers that each country corresponds to a cash-generating unit (CGU). When performing impairment tests, the Group calculates cash flows from Adjusted corporate EBITDA and uses the following assumptions, which are the same as those used last year:

- adjusted corporate EBITDA according to the three-year plan;
- the terminal value of each CGU is based on a perpetuity growth rate of 2%;
- the weighted average cost of capital (WACC) is applied to the cash flows of each CGU based on the average risk-free rate (average over a five-year period) corresponding to the German risk-free rate for ten year bonds adjusted for a risk premium for each country:

Purchase price allocation for Europcar Denmark, Buchbinder and Goldcar is still not finalized and their assets value is provisional. No indication of an impairment led Europcar to perform any impairment test for those entities as of December 31, 2017.

15.2 Goodwill from rental activities held by the Group, analysed by geographic cash-generating unit

In thousands of euros	Germany	United Kingdom	France	Ireland	Other *	Total
Balance at January 1, 2016	180,384	96,270	88,345	-	92,073	457,072
Acquisition	-	7,450	3,591	-	-	11,041
Disposal/price adjustment	-	-	-	-	-	-
Impairment expense	-	-	(58)	-	-	(58)
Effect of movements in foreign exchange rates	-	(9,115)	-	-	556	(8,559)
BALANCE AT DECEMBER 31, 2016	**180,384**	**94,605**	**91,878**	**-**	**92,629**	**459,496**
Balance at January 1, 2017	180,384	94,605	91,878	-	92,629	459,496
Acquisition	-	-	1,568	34,696	646,249	682,513
Disposal/price adjustment	-	-	-	-	-	-
Impairment expense	-	-	-	-	-	-
Reclassification	-	-	429	-	-	429
Effect of movements in foreign exchange rates	-	(2,225)	-	-	(1,420)	(3,645)
BALANCE AT DECEMBER 31, 2017	**180,384**	**92,380**	**93,875**	**34,696**	**737,458**	**1,138,793**

* *In 2017, mainly including the goodwill arisen from the acquisitions of Buchbinder, Goldcar, Denmark and Ubeeqo, not allocated by geographic cash generating unit.*

15.3 Weighted average cost of capital (WACC)

	France	Germany	Italy	Spain	United-Kingdom	Belgium	Portugal	Australia	Ireland
WACC	6.93%	6.62%	8.07%	7.87%	8.00%	6.66%	9.31%	8.43%	7.55%

The terminal value is based on normalized cash flows discounted over an indefinite period, with a perpetuity growth rate of 2%. The risk-free rate is based on the German risk-free rate for bonds with a 10-year maturity (average over a five-year period), adjusted by a risk premium for each country in line with a credit risk premium based on a BB- credit rating.

The Group considers that the weighted average cost of capital should be determined based on an historical equity risk premium of 5%, in order to reflect the long-term assumptions factored into the impairment tests.

The gearing used when determining the WACC is based on the annual average debt to equity ratio issued by comparable companies on a quarterly basis.

15.4 Sensitivity analysis

Goodwill was subject to an impairment test performed by the Company as described in the "Goodwill" Section of "*Significant accounting policies*" and in Section (a) above.

Europcar did not identify any probable scenarios in any countries whereby the CGU's recoverable amount would fall below its carrying amount. The sensitivity analysis performed on the assumptions used indicate that no impairment losses would be recognized in the following scenarios:

- a 1 percentage point increase in the discount rate;
- a 1 percentage point decrease in the growth rate;
- a 5% decrease in adjusted corporate EBITDA.

In 2016, the United Kingdom chose to leave the European Union ("Brexit") which generates uncertainties that may contribute to volatility in the value of the pound sterling or the euro and may have adverse effect on the Group's business in the United Kingdom.

The Group estimates that on the United Kingdom Cash Generating Unit:

- a 1 percentage increase in the discount rate would decrease the enterprise value by £29 million, without generating an impairment;
- a 1 percentage decrease in the growth rate would decrease the enterprise value by £23 million, without generating an impairment;
- a 5% percentage decrease in the 2018 adjusted EBITDA would decrease the enterprise value by £12 million, without generating an impairment.

NOTE 16 INTANGIBLE ASSETS

In thousands of euros	Trademarks	Software, operating systems	Intangible assets in progress	Leasehold rights	Total
Gross values					
Balance at January 1, 2016	**739,144**	**243,469**	**14,153**	**1,354**	**998,120**
Changes in scope of consolidation	-	7	-	31	38
Other acquisitions	-	3,619	12,061	242	15,922
Disposals	-	(21)	-	(32)	(53)
Transfers	-	2,039	3,186	-	5,225
Effect of movements in foreign exchange rates	(8,871)	(1,742)	-	(66)	(10,679)
BALANCE AT DECEMBER 31, 2016	**730,273**	**247,371**	**29,400**	**1,529**	**1,008,573**
Balance at January 1, 2017	**730,273**	**247,371**	**29,400**	**1,529**	**1,008,573**
Changes in scope of consolidation (1)	58,159	22,990	817	246	82,212
Other acquisitions	-	6,720	25,151	-	31,871
Disposals	(14)	(344)	(501)	-	(859)
Transfers	-	400	-	-	400
Effect of movements in foreign exchange rates	(1,864)	(497)	(1)	-	(2,362)
BALANCE AT DECEMBER 31, 2017	**786,554**	**276,640**	**54,866**	**1,775**	**1,119,835**
Depreciation and impairment losses					
Balance at January 1, 2016	**(64,691)**	**(219,294)**	**-**	**(999)**	**(284,984)**
Increases/decreases related to changes in scope of consolidation	-	(7)	-	(31)	(38)
Amortization	-	(13,998)	(2,854)	(68)	(16,920)
Disposals	-	-	-	-	-
Transfers	-	(2,036)	-	-	(2,036)
Effect of movements in foreign exchange rates	8,871	1,707	-	36	10,614
BALANCE AT DECEMBER 31, 2016	**(55,820)**	**(233,628)**	**(2,854)**	**(1,062)**	**(293,364)**
Balance at January 1, 2017	**(55,820)**	**(233,628)**	**(2,854)**	**(1,062)**	**(293,364)**
Increases/decreases related to changes in scope of consolidation	(313)	(4,897)	-	(258)	(5,468)
Amortization	-	(13,293)	-	(84)	(13,377)
Disposals	-	10	-	(2)	8
Transfers	-	32	-	-	32
Effect of movements in foreign exchange rates	1,861	433	-	-	2,294
BALANCE AT DECEMBER 31, 2017	**(54,272)**	**(251,343)**	**(2,854)**	**(1,406)**	**(309,875)**
Net carrying amounts					
At December 31, 2016	**674,453**	**13,743**	**26,546**	**467**	**715,209**
At December 31, 2017	**732,282**	**25,297**	**52,012**	**369**	**809,960**

(1) The changes in scope of consolidation for the trademarks are mainly related to the trademarks identified during the purchase price allocation following the acquisition of Buchbinder Group for €38.5 million (see Note 3 "Changes in scope of consolidation and the equity portfolio") and the consolidation of Goldcar as of December 31, 2017 for €19 million.

16.1 Trademarks

(i) Annual impairment test

In accordance with IAS 36 – Impairment of Assets, the Group has performed an annual impairment test of the carrying amount of the Europcar trademark that has an indefinite useful life (€699 million at December 31, 2017) based on the relief-from-royalty method. This test is performed on a consolidated basis with no country or segment-based allocation.

The value in use of the trademark has been determined based on projections of royalties received within the Europcar network (corporate entities, domestic and international franchisees).

Purchase price allocation for Buchbinder is still not finalized and the trademark values identified (for Buchbinder, Global and Megadrive) is provisional. No indication of an impairment led Europcar to perform any impairment test for those trademarks as of December 31, 2017.

(ii) Key assumptions

The terminal value is based on a perpetuity growth rate of 2%.

The discount rate used in the weighted average cost of capital is applied to the net royalty cash flows of each CGU based on a risk-free rate for 10-year German bonds.

In 2017, it was estimated at 8.50% (8.72% in 2016).

(iii) Sensitivity analysis

A reasonably possible change in the key assumptions on which management has based its determination of the recoverable amount would not cause significant difference between the carrying amount and the recoverable amount. The following table shows the results of the impairment tests and the resulting difference between the recoverable amount and the carrying amount of brands according to different assumptions of the long-term growth rate and weighted average cost of capital.

		Perpetuity growth rate		
In millions of euros		**1.0%**	**2.0%**	**3.0%**
	7.50%	527	718	993
WACC	**8.50%**	362	499	684
	9.50%	236	338	471

The tests performed on the Europcar trademark did not result in the recognition of any impairment losses in previous years.

16.2 Software and operating systems

Computer software (the Europcar Greenway and PremierFirst Speedlink systems) has been recognized at fair value in accordance with IFRS 3 – Business Combinations, based on an analysis of functional aspects. This methodology is based on the calculation of function points for each segment/software of the Europcar and PremierFirst rental reservation and fleet management systems. A function point reflects the functionality of the application which has been used as a basis to calculate its replacement value.

The net book value of this internally developed software is nil as at December 31, 2017 (in 2016 the net book value amounts to €7.7 million).

The total of the costs for projects capitalized for 2017 is €34.6 million (€12.3 million in 2016).

16.3 Security interests

The total amount of intangible assets (excluding the Europcar brand) is held to secure the senior asset financing loan, as described in Note 27.

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

The Group leases buildings and other equipment under different types of finance lease agreements. As of December 31, 2017, the carrying amount of leased buildings and other equipment was respectively €1.1 million (nil in 2016) and €5.8 million (2016: €5.2 million).

Property, plant and equipment are held as security against group corporate financing, as described in Note 27.

In thousands of euros	Land and buildings	Technical equipment	Other equipment	Fixed assets in progress	Total
Gross values					
Balance at January 1, 2016	85,424	8,966	184,167	3,568	282,125
Changes in scope of consolidation	598	54	1,123	-	1,775
Other acquisitions	1,580	1,147	17,337	689	20,753
Disposals	(7,568)	(427)	(3,407)	(1,597)	(12,999)
Transfers	-	-	824	(940)	(116)
Effect of movements in foreign exchange rates	(1,653)	8	(4,938)	-	(6,583)
BALANCE AT DECEMBER 31, 2016	**78,381**	**9,748**	**195,106**	**1,720**	**284,955**
Balance at January 1, 2017	78,381	9,748	195,106	1,720	284,955
Changes in scope of consolidation	18,215	13,236	22,018	1,510	54,979
Other acquisitions	1,523	1,149	18,935	1,020	22,627
Disposals	(11,543)	(1,028)	(3,473)	(484)	(16,528)
Transfers	112	(994)	594	(121)	(409)
Effect of movements in foreign exchange rates	(622)	(20)	(1,270)	-	(1,912)
BALANCE AT DECEMBER 31, 2017	**86,066**	**22,091**	**231,910**	**3,645**	**343,712**
Depreciation and impairment losses					
Balance at January 1, 2016	(38,133)	(6,608)	(148,148)	-	(192,889)
Increases/decreases related to changes in scope of consolidation	(420)	(48)	(752)	-	(1,220)
Depreciation and impairment charge for the year	1,133	(401)	(12,440)	-	(11,708)
Disposals	1,925	404	1,741	-	4,070
Transfers	-	50	(3,123)	-	(3,073)
Effect of movements in foreign exchange rates	348	(6)	3,625	-	3,967
BALANCE AT DECEMBER 31, 2016	**(35,147)**	**(6,609)**	**(159,097)**	**-**	**(200,853)**
Balance at January 1, 2017	(35,147)	(6,609)	(159,097)	-	(200,853)
Increases/decreases related to changes in scope of consolidation	(4,597)	(6,233)	(11,031)	-	(21,861)
Depreciation and impairment charge for the year	(1,693)	(1,058)	(13,175)	-	(15,926)
Disposals	6,124	639	1,896	-	8,659
Transfers	(13)	630	(641)	-	(24)
Effect of movements in foreign exchange rates	210	15	923	-	1,148
BALANCE AT DECEMBER 31, 2017	**(35,116)**	**(12,616)**	**(181,125)**	**-**	**(228,857)**
Carrying amounts					
At December 31, 2016	43,234	3,139	36,009	1,720	84,102
At December 31, 2017	50,950	9,475	50,785	3,645	114,855

NOTE 18 EQUITY-ACCOUNTED INVESTMENTS

AT DECEMBER 31, 2017

Company name	Principal place of business	% interest	% control	Net profit/loss attributable to Europcar *(in €k)*	Equity-accounted shares *(in €k)*	Provisions taken on equity-accounted shares *(in €k)*
Car2go Europe GmbH (A)	Germany	25.00%	25.00%	(6,278)	2,510	-
Ubeeqo [(1)]	France	75.71%	75.71%	(1,481)	-	-
Wanderio [(2)] (B)	Italy	33,33%	33,33%	(299)	1,526	-
TOTAL				**(8,058)**	**4,036**	**-**

(1) % interest and share of profit/loss of associate accounted for under the equity method at December 31, 2017 before the exclusive takeover of Ubeeqo.
(2) Pursuant to a subscription and share purchase agreement dated February 28, 2017, Europcar Lab acquired an additional minority stake up to 33.33% in Wanderio. The analysis of the Share Purchase Agreement led to a consolidation using the equity method in the consolidated financial statements.

AT DECEMBER 31, 2016

Company name	Principal place of business	% interest	% control	Net profit/loss attributable to Europcar *(in €k)*	Equity-accounted shares *(in €k)*	Provisions taken on equity-accounted shares *(in €k)*
Car2go Europe GmbH (A)	Germany	25.00%	25.00%	(9,589)	-	1,563
Ubeeqo	France	75.71%	75.71%	(6,176)	14,083	-
TOTAL				**(15,765)**	**14,083**	**1,563**

(A) Car2go Europe GmbH at 100%

In thousands of euros	At December 31, 2017	At December 31, 2016
Non-current assets	17,347	31,854
Current assets	37,942	45,131
Non-current liabilities	(126)	(16)
Current liabilities	(42,272)	(68,444)
NET ASSETS	**12,891**	**8,525**
Revenue	86,636	67,473
Net income/(loss)	(36,912)	(26,554)

In 2016, Europcar subscribed to one capital increase in Car2go for the amount of €6.25 million.

In 2017, Europcar subscribed to one capital increase in Car2go for the amount of €10.35 million.

(B) Wanderio at 100%

In thousands of euros	At December 31, 2017	At December 31, 2016
Non-current assets	268	-
Current assets	1,120	-
Non-current liabilities	(50)	-
Current liabilities	(818)	-
NET ASSETS	**520**	**-**
Revenue	325	-
Net income/(loss)	(736)	-

NOTE 19 FINANCIAL ASSETS

In thousands of euros	At December 31, 2017	At December 31, 2016
Other non-current financial assets		
Available-for-sale financial assets	48	1,224
Held-to-maturity investments (1)	28,071	36,415
Deposits and prepayments	22,435	6,183
Other non-current investments (2)	8,048	23,998
TOTAL NON-CURRENT FINANCIAL ASSETS	**58,602**	**67,820**
Current financial assets		
Loans (2)	122	34,165
Other current financial assets (1)	32,640	42,838
TOTAL CURRENT FINANCIAL ASSETS	**32,762**	**77,003**

(1) Including €57.6 million to cover liabilities arising from our captive insurance structure (€63.3 million at December 31, 2016), mainly consisting of bonds recognized at amortized cost. Because they mature in the very near future, management has concluded that the fair value of these held-to-maturity investments is close to their respective carrying amounts as of December 31, 2017.
(2) In 2016, €23.6 million of shares related to Europcar Ireland Securities and a €22 million loan related to this Irish Franchisee not included in consolidation scope at the end of 2016. In 2017, €8 million related to Snappcar acquisition.

No impairment charge was recognized on investments in non-consolidated entities classified as “available-for-sale financial assets”.

NOTE 20 INVENTORIES

No material restrictions of title or right of use exist in respect of the inventories listed below:

In thousands of euros	At December 31, 2017	At December 31, 2016
Consumables	4,225	1,941
Oil and fuel	15,888	13,551
Vehicles	1,401	573
Spare parts	2,062	306
Other items	754	472
TOTAL INVENTORY	**24,330**	**16,843**

Inventory are stated net of provisions of €190,000 (2016: €178,000).

Vehicles reported in inventory are vehicles not yet in operation at the end of the period.

NOTE 21 RENTAL FLEET RECORDED ON THE BALANCE SHEET

The rental fleet operated by the Group is acquired and financed in different ways. The table below presents the breakdown between these different methods for the 2016 and 2017 business years:

	% of total volume of vehicles purchased	
Type of acquisition and related financing	**2017**	**2016**
Vehicles purchased with manufacturer or dealer buy-back commitment financed via the balance sheet	40%	46%
Vehicles purchased with manufacturer or dealer buy-back commitment and financed through rental agreements that meet the criteria for operating leases	49%	46%
Total fleet purchased with buy-back arrangements	89%	92%
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" vehicles)	10%	7%
Vehicles financed through rental agreements qualifying as finance leases	1%	1%
TOTAL PURCHASES OF RENTAL FLEET	**100%**	**100%**

In accordance with accounting standards, the fleet financed by operating leases is not recorded in the balance sheet and the liabilities for these contracts are recognized as off-balance sheet commitments. The rental fleet recorded in the statement of financial position is broken down as follows:

In thousands of euros	At December 31, 2017	At December 31, 2016
Deferred depreciation expense on vehicles	259,911	155,328
Vehicle buy-back agreement receivables	1,216,298	1,059,333
Fleet purchased with buy-back contracts financed on-balance sheet	***1,476,209***	***1,214,661***
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" vehicles)	780,882	341,594
Vehicles acquired through rental agreements qualifying as finance leases without buy-back arrangements	85,514	83,996
TOTAL RENTAL FLEET RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION	**2,342,605**	**1,640,251**

The fleet is presented net of depreciation or impairment provisions amounting to €6.5 million (2016: €4.3 million) provisions for damaged or stolen vehicles.

NOTE 22 RECEIVABLES AND PAYABLES RELATED TO THE RENTAL FLEET

In thousands of euros	At December 31, 2017	At December 31, 2016
Fleet receivables (1)	619,999	612,739
VAT receivables (2)	80,118	107,884
RENTAL FLEET AND RELATED RECEIVABLES	**700,117**	**720,623**

(1) Includes €236 million (December 2016: €225 million) related to a major fleet operating lease signed in 2009, under which the Group acquires vehicles from a manufacturer and resells them immediately to the lessor. The receivable (from the manufacturer) and payable (to the lessor) amounts recorded at inception of the lease are settled when the vehicles are returned to the manufacturer according to the buy-back arrangement.
(2) Most of the VAT receivables are related to fleet acquisitions and disposals.

In thousands of euros	At December 31, 2017	At December 31, 2016
Fleet payables [(1)]	520,208	551,344
VAT payables	83,988	128,334
TOTAL RENTAL FLEET AND RELATED PAYABLES	**604,196**	**679,678**

(1) Includes €236 million (December 2016: €225 million) related to a major fleet operating lease signed in 2009, under which the Group acquires vehicles from a manufacturer and resells them immediately to the lessor. The receivable (from the manufacturer) and payable (to the lessor) amounts recorded at inception of the lease are settled when the vehicles are returned to the manufacturer according to the buy-back arrangement.
(2) Most of the VAT receivables are related to fleet acquisitions and disposals.

The change in working capital requirements related to the rental fleet is detailed below:

In thousands of euros	At December 31, 2017	At December 31, 2016
Fleet receivables	71,534	(113,926)
VAT receivables	32,913	(38,350)
Payables related to fleet acquisition	(59,877)	(15,388)
VAT payables	(45,991)	41,513
CHANGES TO THE NEED FOR CASH FLOW LINKED TO THE VEHICLE FLEET	**(1,421)**	**(126,151)**

NOTE 23 TRADE AND OTHER RECEIVABLES, TRADE AND OTHER PAYABLES

23.1 Trade and other receivables

All trade receivables fall due within one year.

In thousands of euros	At December 31, 2017	At December 31, 2016
Rental receivables	252,982	198,917
Other trade receivables	117,972	86,166
Other tax receivables	4,494	742
Insurance claims	22,622	22,070
Prepayments	43,054	32,891
Employee related receivables	3,043	556
Deposits, other receivables	12,521	23,858
TOTAL TRADE AND OTHER RECEIVABLES	**456,688**	**365,200**

Depreciation of doubtful receivables on rental and other trade receivables are as follows:

In thousands of euros	At December 31, 2017	At December 31, 2016
Opening balance	**(33,018)**	**(31,493)**
Depreciation of bad debts	(5,801)	(8,210)
Receivables written off during the year/period	6,273	6,479
Unused amounts reversed	1,457	60
Foreign currency differences	213	146
Closing balance	**(30,876)**	**(33,018)**

Additions to/releases of the allowance for bad debts are included in "Fleet operating, rental and revenue related costs" in the consolidated income statement (Note 6).

The schedule of net trade receivables and other receivables is as follows:

	At December 31, 2017				
In thousands of euros	**Total**	**Not due**	**Overdue by < 90 days**	**Due between 90 and 180 days**	**Overdue by > 180 days**
Trade and other receivables – gross amount	501,937	366,851	56,911	16,879	61,296
Impairment of bad debts	(45,249)	(12,485)	(3,798)	(2,415)	(26,551)
Trade and other receivables – net amount	**456,688**	**354,366**	**53,113**	**14,464**	**34,745**

	At December 31, 2016				
In thousands of euros	**Total**	**Not due**	**Overdue by < 90 days**	**Due between 90 and 180 days**	**Overdue by > 180 days**
Trade and other receivables – gross amount	409,354	294,954	47,274	17,125	50,001
Impairment of bad debts	(44,154)	(7,834)	(5,047)	(4,007)	(27,266)
Trade and other receivables – net amount	**365, 200**	**287,120**	**42,227**	**13,118**	**22,735**

23.2 Trade payables and other liabilities

The fair values of trade payables correspond to their nominal value. All trade payables and other liabilities fall due within one year.

In thousands of euros	**At December 31, 2017**	**At December 31, 2016**
Trade payables	448,265	334,537
Other tax payables	34,233	7,801
Deposits	46,497	41,549
Employee-related liabilities	71,707	54,309
Liabilities relating to the acquisition of participating interests	1,803	1,869
TOTAL TRADE PAYABLES AND OTHER LIABILITIES	**602,505**	**440,065**

23.3 Changes in non-fleet working capital

In thousands of euros	**At December 31, 2017**	**At December 31, 2016**
Trade receivables	(28,129)	1,032
Other receivables	(9,328)	(17,276)
Tax receivables	(5,452)	128
Inventories	550	(2,250)
Trade payables	12,425	33,629
Other debt	2,210	5,939
Employee-related liabilities	9,057	(16,012)
Tax debt	3,622	(1,193)
CHANGES IN NON-FLEET WORKING CAPITAL	**(15,045)**	**3,997**

NOTE 24 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

In thousands of euros	At December 31, 2017	At December 31, 2016
Cash-in-hand and at bank	240,504	154,344
Accrued interest	288	233
Cash and cash equivalents	**240,792**	**154,577**
Restricted cash	104,818	105,229
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	**345,610**	**259,806**

Cash-in-hand and at bank includes €74.3 million (December 2016: €61.3 million) tied up in Securitifleet companies, excluding the two SFH Holdings, and are dedicated to fleet financing in France, Germany, Italy and Spain. As such, this cash is considered as non-restricted.

Cash and cash equivalents in fleet and captive insurance SPEs are reported as restricted cash. The definition of restricted cash included in Note 2 "*Significant accounting policies*" – Section 2.13 "*Cash*".

The reconciliation of cash and cash equivalents presented in the balance sheet and the cash and cash equivalents in the cash flow table is described below:

In thousands of euros	At December 31, 2017	At December 31, 2016
Cash and cash equivalents	240,792	154,577
Restricted cash	104,818	105,229
Bank overdrafts (1)	(32,357)	(11,299)
CASH AND CASH EQUIVALENTS REPORTED IN THE CASH FLOW STATEMENT	**313,253**	**248,507**

(1) Included in current loans and borrowings (see Note 27).

NOTE 25 CAPITAL AND RESERVES

25.1 Share capital and share premium

As of December 31, 2017, the Company share capital recorded was €161,030,883 and is composed of €161,030,883 shares worth €1 each 161,022,797 common shares, 4,045 Class C preferred shares and 4,041 Class D preferred shares.

Each Class A share of common stock gives the right to one vote. Class B, C and D shares are preferred shares as defined by Article L. 228-11 of the French Commercial Code, and carry no voting rights. For more information about class A, B, C and D shares, see Section 6.2.3 of the present Registration Document.

The various changes in equity since January 1, 2017 are as follows:

Date	Operation	Share capital (in €)	Share premium (in €)	Number of shares	Nominal value (in €)
12/31/2016		**143,409,298**	**647,513,729**	**143,409,298**	**1,000**
2/24/2017	Capital increase reserved for employees	2,723,414	19,063,898	2,723,414	1,000
5/10/2017	Profit appropriation by share premium	-	(15,468,921)	-	-
5/31/2017	Special distribution	-	(59,365,633)	-	-
6/21/2017	Capital increase on Private placement	14,612,460	154,290,355	14,612,460	1,000
6/26/2017	Capital increase to deliver free-shares plans	285,711	(285,711)	285,711	1,000
12/31/2017		**161,030,883**	**745,747,717**	**161,030,883**	**1,000**

- On February 24, 2017, the capital increase reserved for employees of the Group (Employee Share Ownership Plan) resulted in a gross capital increase of €21,787,312 through the issuance of 2,723,414 new shares at a price of €8 per share.
- On June 21, 2017 Europcar Groupe placed 14,612,460 new ordinary shares at a price per share of €12.00, including share premium, for a total of €175,349,520, representing approximately 10% of Europcar Groupe's ordinary shares pre-capital raise. Settlement for the new ordinary shares and their admission to listing on Euronext Paris took place on June 23, 2017.The fees related to the private placement amounting to €6.4 million were included in the share premium.
- On June 26, 2017, the share capital of Europcar Groupe was increased by 285,711 new shares of €1 each in order to deliver the free-shares vested under the AGA 13 T1 share based plan. The counterpart of the share capital increase was a corresponding decrease of the additional share premium by €285,711.

At December 31, 2017, the breakdown of equity shareholders was as follows:

Shareholders	Number of common shares and voting rights	Number of Class B preferred shares	Number of Class C preferred shares	Number of Class D preferred shares	Total number of shares	Percentage of common shares and voting rights	Percentage of share capital
Eurazeo	48,960,506	-	-	234	48,960,740	30.56%	30.40%
ECIP Europcar Sarl	7,017,713	-	-	-	7,017,713	4.38%	4.36%
Kairos Investment	8,072,043	-	-	-	8,072,043	5.04%	5.01%
Morgan Stanley	9,047,141	-	-	-	9,047,141	5.65%	5.62%
Public	84,692,203	-	1,526	1,526	84,695,255	52.87%	52.60%
Executives, employees, and floating	2,398,441	-	2,519	2,281	2,403,241	1.50%	1.49%
Autocontrol	834,750	-	-	-	834,750	0%	0.52%
TOTAL	**161,022,797**	**-**	**4,045**	**4,041**	**161,030,883**	**100.00%**	**100.00%**

Sale of shares by Eurazeo and ECIP Europcar Sarl

On October 3, 2017, Eurazeo and ECIP Europcar Sarl announced the sale of 16,103,088 of their ordinary shares in the Company, representing 10.00% and 10.04% of the Company's share capital and voting rights, respectively. The transaction comprised 14,084,332 ordinary shares (*i.e.* 8.75% of the Company's capital and 8.78% the Company's voting rights) sold by Eurazeo and 2,018,756 the Company shares (*i.e.* 1.25% of the Company's capital and 1.26% of the Company's voting rights) sold by ECIP Europcar Sarl. As of the settlement date on October 5, 2017, Eurazeo and ECIP Europcar Sarl's shareholdings represent respectively 30.40% and 4.36% of the Company's share capital and 30.54% and 4.36% of the Company's voting rights.

As of December 31, 2016, the breakdown of equity shareholders was as follows:

Shareholders	Number of common shares and voting rights	Number of Class B preferred shares	Number of Class C preferred shares	Number of Class D preferred shares	Total number of shares	Percentage of common shares and voting rights	Percentage of share capital
Eurazeo	60,544,838	-	-	234	60,545,072	42.41%	42.22%
ECIP Europcar Sarl	9,036,469	-	-	-	9,036,469	6.33%	6.30%
Executives and employees, and float	73,819,905	-	4,045	3,807	73,827,757	51.26%	51.48%
TOTAL	**143,401,212**	**-**	**4,045**	**4,041**	**143,409,298**	**100.00%**	**100.00%**

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25.2 Treasury shares

The value of the treasury shares under the liquidity and share buyback agreements given to Rothschild for ECG shares (834,750 shares) was €6.8 million as of December 31, 2017.

At December 31, 2017, the impact on the change in equity related to treasury shares was €(1.9) million (€(4.9) million as at December 31, 2016).

The number of treasury shares held can be analyzed as follows:

	2017
Number of treasury shares at Jan 1,2017	**640,340**
Treasury shares purchased	1,949,549
Treasury shares sold	(1,755,139)
Number of treasury shares at Dec 31, 2017	**834,750**

25.3 Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. As at December 31, 2017, it includes a foreign exchange loss of €51.5 million (December 31, 2016: €51.5 million) related to an intra-group loan denominated in pounds sterling made by Europcar Groupe S.A. to its subsidiary Europcar UK Ltd and is classified as quasi-capital.

This loan for a nominal amount of €171 million (denominated in GBP) was repaid in full by Europcar UK Ltd to Europcar Groupe SA in December 2011. As the parent company continues to hold the same percentage of the subsidiary and continues to control the foreign operation, no partial disposal was recognized under Sections 48d and 49 of IAS 21.

As at December 31, 2017, Europcar International S.A.S.U. held a loan receivable from its subsidiary in Australia amounting to AUD 14.6 million. The translation reserve includes a foreign exchange gain of €1.2 million for this loan (December 31, 2016: €1.7 million).

25.4 Special distribution deducted from Share Premium

The Annual General Meeting of Europcar Groupe held on May 10, 2017, approved the payment of a special distribution exclusively in cash of a total amount of €59,365,633.

The final number of company's shares having right to this special distribution being equal to 145,432,712 as at May 24, 2017, the amount of the special distribution is set at €0.4082 per share.

The right to this special distribution was allocated on May 29, 2017 and was paid exclusively in cash on May 31, 2017.

NOTE 26 EARNINGS PER SHARE

Basic and diluted losses per share are based on the profit attributable to shareholders of common stock, representing a profit of €61.3 million at December 31, 2017 (profit of €119.5 million at December 31, 2016) and on the weighted average number of common shares during the year (excluding shares that could be issued given their anti-diluting effect), calculated as follows:

In thousands of euros	At December 31, 2017	At December 31, 2016
Loss attributable to ordinary shareholders	**61,270**	**119,493**
Average number of shares outstanding	145,337,208	143,314,753
Earnings per share in €	0.422	0.834
Diluted earnings per share in €	0.420	0.825

The potential number of diluting shares was 584,186 (including 576,100 free shares, 4,045 Class C preferred shares, and 4,041 Class D preferred shares) at December 31, 2017 and 1,467,845 at December 31, 2016.

NOTE 27 LOANS AND BORROWINGS

In thousands of euros	At December 31, 2016	Increase/ Decrease with cash impact	Scope Variation	Exchange rate variation	Other	At December 31, 2017
Notes issued	950,000	600,000	-	-	-	1,550,000
Other bank loans dedicated to fleet financing	20,659	(505)	36,558	(1)	(10,200)	46,511
Transaction costs/Premiums/ Discounts	(17,419)	(13,873)	-	37	4,885	(26,370)
NON-CURRENT LIABILITIES	**953,240**	**585,622**	**36,558**	**36**	**(5,315)**	**1,570,141**
Renewable Senior Revolving Credit Facility	13,000	147,011	-	-	-	160,011
Senior Credit Facility	692,970	46,612	-	-	-	739,582
Other borrowings dedicated to fleet financing	361,645	8,095	269,789	(11,568)	-	627,961
Finance lease liabilities	96,770	6,040	-	(6,974)	-	95,836
Bank overdrafts	11,299	-	23,271	-	(2,211)	32,359
Current bank loans and other borrowings dedicated to fleet financing	45,726	(20,728)	271,597	(23)	-	296,570
Transaction costs/Premium/Discount	(7,759)	(1,951)	-	31	(1,834)	(11,513)
Finance *lease facilities*	-	(1,021)	2,600	-	-	1,579
Accrued interest	10,791	(1,355)	631	1	(2,193)	7,875
CURRENT LIABILITIES	**1,224,442**	**182,703**	**567,888**	**(18,533)**	**(6,238)**	**1,950,262**
TOTAL BORROWINGS	**2,177,682**	**768,325**	**604,446**	**(18,497)**	**(11,552)**	**3,520,403**

In thousands of euros	At December 31, 2015	Increase/ Decrease with cash impact	Scope Variation	Exchange rate variation	Other	At December 31, 2016
Notes issued	825,000	125,000	-	-	-	950,000
Other bank loans dedicated to fleet financing	152	17,057	13	-	3,437	20,659
Transaction costs/Premiums/ Discounts	(23,969)	2,400	-	265	3,885	(17,419)
NON-CURRENT LIABILITIES	**801,183**	**144,457**	**13**	**265**	**7,322**	**953,240**
Renewable Senior Revolving Credit Facility	81,000	(68,000)	-	-	-	13,000
Senior Credit Facility	658,284	34,686	-	-	-	692,970
Other borrowings dedicated to fleet financing	383,976	29,615	-	(51,946)	-	361,645
Finance lease liabilities	75,771	18,117	-	2,882	-	96,770
Bank overdrafts	14,073	-	-	(133)	(2,641)	11,299
Current bank loans and other borrowings dedicated to fleet financing	47,314	(20,049)	24,030	(2,132)	(3,437)	45,726
Transaction costs/Premium/Discount	(7,906)	4,587	-	190	(4,630)	(7,759)
Accrued interest	11,271	(181)	3	3	(305)	10,791
CURRENT LIABILITIES	**1,263,783**	**(1,225)**	**24,033**	**(51,136)**	**(11,013)**	**1,224,442**
TOTAL BORROWINGS	**2,064,966**	**143,232**	**24,046**	**(50,871)**	**(3,691)**	**2,177,682**

Total net debt reconciliation

Total net debt includes net corporate debt and total fleet net debt. The latter includes all financing in relation to the fleet whether or not it is recorded in the balance sheet. In particular, the estimated outstanding value of the fleet financed through operating leases corresponds to the net book value of the vehicles in question. The estimated debt on operating leases represents the carrying amount of the vehicles concerned and is calculated based on the purchase prices and depreciation rates of corresponding vehicles (based on contracts signed with the manufacturers).

In thousands of euros	Notes	At December 31, 2017	At December 31, 2016
Non-current borrowings and financial debt	27	1,570,141	953,240
Current loans and borrowings	27	1,950,262	1,224,442
Held-to-maturity investments	19	(28,071)	(36,415)
Other current financial assets	19	(32,762)	(77,003)
Cash and cash equivalents and restricted cash	24	(345,610)	(259,806)
Net debt on the statement of financial position		**3,113,960**	**1,804,458**
Estimated outstanding value of the vehicles financed through operating leases		1,773,663	1,460,505
TOTAL NET DEBT		**4,887,623**	**3,264,963**

27.1 Analysis of and borrowings and financial debt by maturity

In thousands of euros	At December 31, 2017	<1 year	From 1 year to 5 years	>5 years
Notes issued	1,550,000	-	950,000	600,000
Other bank loans dedicated to fleet financing	46,511	-	46,511	
Transaction costs/Premiums/Discount (1)	(26,370)	-	(25,456)	(914)
NON-CURRENT LIABILITIES	**1,570,141**	**-**	**971,055**	**599,086**
Renewable Senior Revolving Credit Facility	160,011	160,011	-	-
Senior Credit Facility	739,582	739,582	-	-
Other borrowings dedicated to fleet financing	629,542	629,542	-	-
Finance lease liabilities	95,836	95,836	-	-
Bank overdrafts	32,359	32,359	-	-
Current bank loans and other borrowings dedicated to fleet financing	296,570	296,570	-	-
Transaction costs/premiums/discount - current portion (1)	(11,513)	(11,513)	-	-
Accrued interest	7,875	7,875	-	-
CURRENT LIABILITIES	**1,950,262**	**1,950,262**	**-**	**-**

(1) €4.3 million of the transaction costs and premiums related to the 2022 €600 million senior notes, €12.1 million to the 2024 €600 million senior notes, €9.0 million to the €350 million senior secured notes, €3.1 million for the SARF, and €9.4 million for the RCF.

In thousands of euros	At December 31, 2016	<1 year	From 1 year to 5 years	>5 years
Notes issued	950,000	-	-	950,000
Other bank loans dedicated to fleet financing	20,659	-	20,659	-
Transaction costs/Premiums/Discount (1)	(17,419)	-	-	(17,419)
NON-CURRENT LIABILITIES	**953,240**	**-**	**20,659**	**932,581**
Renewable Senior Revolving Credit Facility	13,000	13,000	-	-
Senior Credit Facility	692,970	692,970	-	-
Other borrowings	361,645	361,645	-	-
Finance lease liabilities	96,770	96,770	-	-
Bank overdrafts	11,299	11,299	-	-
Current bank loans and other borrowings dedicated to fleet financing	45,726	45,726	-	-
Transaction costs/premiums/discount - current portion (1)	(7,759)	(7,759)	-	-
Accrued interest	10,791	10,791	-	-
CURRENT LIABILITIES	**1,224,442**	**1,224,442**	**-**	**-**

(1) €5.3 million of the transaction costs and premiums relate to the 2022 €600 million bond, €4.9 million to the €350 million Bond, €7.3 million for the SARF, and €7.6 million for the RCF.

27.2 Analysis by subscription currency

As of December 31, 2017, loans and borrowings by currency of origination can be analyzed as follows:

In thousands of euros	At December 31, 2017	EURO	GBP	AUD	DKK
Notes issued	1,550,000	1,550,000	-	-	-
Transaction costs	(37,883)	(36,360)	(1,523)	-	-
Accrued interest	7,875	7,872	-	3	-
Renewable Senior Revolving Credit Facility	160,011	160,011	-	-	-
Senior Credit Facility	739,582	739,582	-	-	-
Other borrowings dedicated to fleet financing	629,542	301,348	323,624	-	4,570
Finance lease liabilities	95,836	-	-	95,836	-
Bank overdrafts	32,359	30,917	-	-	1,442
Current bank loans and other borrowings dedicated to fleet financing	296,570	228,463	-	-	68,107
Other bank loans	46,511	46,511	-	-	-
TOTAL LOANS AND BORROWINGS	**3,520,403**	**3,028,344**	**322,101**	**95,839**	**74,119**

In thousands of euros	At December 31, 2016	EURO	GBP	AUD	DKK
Notes issued	950,000	950,000	-	-	-
Transaction costs	(25,178)	(23,028)	(2,150)	-	-
Accrued interest	10,791	10,791	-	-	-
Renewable Senior Revolving Credit Facility	13,000	13,000	-	-	-
Senior Credit Facility	692,970	692,970	-	-	-
Other borrowings dedicated to fleet financing	361,645	33,660	327,985	-	-
Finance lease liabilities	96,770	-	-	96,770	-
Bank overdrafts	11,299	11,299	-	-	-
Current bank loans and other borrowings dedicated to fleet financing	45,726	45,726	-	-	-
Other bank loans	20,659	20,659	-	-	-
TOTAL LOANS AND BORROWINGS	**2,177,682**	**1,755,077**	**325,835**	**96,770**	

27.3 Cash-impact of financial liabilities variations

In thousands of euros	At December 31, 2017	At December 31, 2016
Issuance of bonds - Nominal	600,000	125,000
Transaction costs related to issuance of bonds	-	5,625
CASH IMPACT ON ISSUANCE OF BONDS	**600,000**	**130,625**
Change in Renewable Senior Revolving Credit Facility	147,011	(68,000)
Change in Senior Credit Facility	46,612	34,686
Change in Other borrowings dedicated to fleet financing and financing leases	14,135	47,732
Change in current bank loans & other	(23,609)	(3,147)
CASH IMPACT ON CHANGE IN BORROWINGS	**184,149**	**11,271**

27.4 Financial clauses

The Group was in compliance with all the following covenants at December 31, 2017:

(i) For United Kingdom fleet financing facilities

Europcar UK shall ensure that:

- the tangible net worth of Europcar UK Group is not less than 60 million pounds sterling;
- the ratio of earnings before interest, tax, depreciation and amortization to Fixed Charges shall be not less than 1.00;
- fleet cover shall be no more than 1.00.

(ii) For the Revolving Credit Facility

The ratio of cash flow (which shall include, for any given period of 12 months ending on a quarter date or semester date depending on the application of the Facility agreement, cash on the statement of financial position at the beginning of such period) to total debt service shall at no time be less than 1.10.

Total debt service is defined as the aggregate of the interest and associated fees paid during any given 12 months period plus repayment of financial liabilities, the latter being subject to certain limitations.

(iii) Loan to Value Covenant

The Group is subject to a maximum 95% loan-to-value ratio for all Securitifleet companies debt (including Securitifleet Holding) over the total asset market value of certain Securitifleet entities, compliance that is tested on a quarterly basis.

(iv) For Australian asset financing

Europcar Australia must ensure that:

- the minimum net worth (*i.e.*, the total equity) is always greater than AUD 58 million;
- the fleet utilization ratio is above 70% on average over the year;
- its minimum cumulative net profit before tax is within 85% of the Company's budget;
- no dividends or other payments may be made by a member of Europcar Groupe Australia to another member or shareholder or related party of Europcar Groupe Australia without prior written consent of the bank.

(v) For Danish fleet financing

Europcar Danemark must ensure that regarding Ostergaard Biler:

- equity ratio (i.e. equity / total liabilities) is above 20%;
- Ebitda is not less than 50% of the budgeted Ebitda.

(vi) For Buchbinder fleet financing

For one of its bilateral fleet financing facility, Charterline Fuhrpark Service GmbH must ensure that the equity ratio (*i.e.* equity / total liabilities) is above 10%.

27.5 Notes issued

Loan notes issued are as follows:

	Nominal outstanding amount		Fair value	
In thousands of euros	As at Dec. 31 2017	As at Dec. 31 2016	As at Dec. 31 2017	As at Dec. 31 2016
5.75% Senior Notes due in 2022	600,000	600,000	601,324	596,136
5.125% Senior Notes due in 2021	-	350,000		353,281
2.375% Senior Secured Notes due in 2022	350,000	-	342,376	-
4.125% Senior Notes due in 2024	600,000	-	587,839	-
TOTAL	**1,550,000**	**950,000**	**1,531,539**	**949,417**

(i) €600 million senior notes due 2022

On May 27, 2015 senior notes of €475 million maturing in 2022 were issued at an issue price of 99.289% of the nominal value. These notes bear interest at 5.75%. On June 29, 2015 a portion of the bond proceeds were directly transferred to an escrow account dedicated to the redemption of the unsecured senior subordinated notes maturing in 2018 and bearing interest at 9.375% of €400 million. The remaining proceed was transferred to Europcar Groupe.

On June 29, 2015 a portion of the IPO proceeds was directly transferred to an escrow account dedicated to the redemption of the €324 million Outstanding Subordinated Notes Due 2017 and bearing interest at 11.50%. The remaining proceed was transferred to Europcar Groupe.

On June 2, 2016, the Group issued new senior notes for a total of €125 million priced at 4.5140% of yield to worst, or 4.8790% of yield to maturity. These notes have been ranked with existing senior notes issued in June 2015 which offer a fixed interest rate of 5.750% and mature in 2022 for a total nominal amount of €475 million, thus raising the total to €600 million. As priced below the fixed interest rate of 5.750%, the proceeds from the issue exceeded €125 million and totaled €131 million.

(ii) €350 million senior secured notes due 2022

On November 2, 2017, the Group refinanced by anticipation the €350 million 5.125% senior secured notes due 2021 dedicated to the fleet financing in France, Italy, Germany and Spain by issuing new €350 million senior secured notes. These new notes will mature in November 2022 and bear interest at a fixed interest rate of 2.375%, which represents a significant fleet financing cost reduction compared to 5.125% for the previous notes. These notes were issued by EC Finance Plc, an SPE, and guaranteed by Europcar International S.A.S.U. and Europcar Groupe (the “EC Finance Notes”). This early refinancing generated a redemption premium of €8.9 million.

(iii) €600 million senior notes due 2024

On November 2, 2017, the Group issued new senior notes maturing in November 2024 for a total amount of €600 million, to finance the acquisition of Buchbinder and Goldcar. These notes, which offer a fixed interest rate of 4.125%, were issued by Europcar Drive DAC, an SPE. On the issue date, a portion of the bond proceeds (€400 million) were directly transferred to an escrow account dedicated to the acquisition of Goldcar, pending the closing of the acquisition. The remaining proceeds were transferred to Europcar Groupe. Concurrently to the completion of the acquisition of Goldcar, which occurred on December 19, 2017, the proceeds were released from the escrow account. At this date, Europcar Drive DAC was fully discharged of its obligations under the senior notes 2024 maturity, which have been transferred to Europcar Groupe.

27.6 Revolving Credit Facility

On July 13, 2017, the Group signed a new secured €500 million Revolving Credit Facility (RCF) with a diversified pool of international banks. This Facility, which replaced the existing €350 million RCF, will mature on June 2022 and will provide funding for general purposes, including financing of working capital needs and financing of fleet purchases as a complement of fleet financing facilities. The Group optimized the financing cost of this new RCF by a 25 bps reduction of the margin (from 250 bps to 225 bps for a corporate leverage ratio less than 2x and from 275 bps to 250 bps for a corporate leverage ratio higher than 2x). This new RCF includes the usual financial and general covenants for such general purpose facilities. The €150 million increase of the nominal amount will allow the Group to support its 2020 ambition and the related growing financing needs.

27.7 Dedicated asset financings

(i) Senior asset Revolving Facility intended (SARF)

The SARF 2010 was initially entered into on July 30, 2010, then amended between Credit Agricole Corporate and Investment Bank acting as lender, Securitifleet Holding (as borrower) and ECI (as borrower agent). Drawings are available to Securitifleet Holding for the sole purpose of financing fleet acquisition and maintenance in France, Italy, Germany and Spain through the Securitifleet companies exclusively. These drawn down amounts are based on the aggregate of all borrowing bases calculated monthly, in substance representing the aggregate of the vehicle fleet residual value (including vehicles for which registration is pending) and the fleet working capital, including related VAT positions.

The lender assigned its claims arising under SARF 2010, together with all security and ancillary rights thereto, to FCT Sinople. With respect to these claims, FCT Sinople will issue: (i) FCT Senior Notes to be subscribed periodically by Credit Agricole Corporate and Investment Bank, Royal

Bank of Scotland plc., Société Générale, Deutsche Bank, Natixis, BNP Paribas and any other entity which may subscribe to or acquire the FCT Senior Notes as senior subscriber, and (ii) FCT Junior Notes to be subscribed from time to time by ECI.

In March 2014, the Group signed an amendment allowing it to extend maturity through July 2017 and to start repayments in January 2017. Europcar also adapted the facility to its financing requirements and limited its commitment to €1 billion. Standard & Poor's has confirmed its A stable outlook rating.

An amendment to the SARF was signed on May 12, 2015 (effective as of June 17, 2015) primarily to extend the maturity of the facility to July 2019 thereof and to lower the overall interest cost fixed to EURIBOR (+1.70%), increase the amount from €1.0 billion to €1,1 billion and permit the participation of two new banks, Lloyds Bank and HSBC France.

On September 27, 2016, the Group announced the improved terms and conditions of its securitization ("Senior asset Revolving Facility", or SARF) and the associated interest rate swaps. The Senior tranche of the SARF, which was rated "A" by Standard & Poor's, was increased from €200 million to €1.3 billion euros, with an improved margin of 20 basis points, or EURIBOR +150 bp. The final maturity was delayed from July 2019 to July 2020. In addition, interest rate hedging instruments were restructured, with improved financial conditions, and increased by €200 million to €1.2 billion.

Additional amendments to the SARF were signed on February 9, 2017 to make the securitization program compliant with the new methodology published by the rating agency Standard & Poor's regarding sovereign risk ("Rating above the sovereign" methodology), thus allowing it maintain its A rating. These amendments stipulate the inclusion of new concentration limits on the vehicle fleets in Spain and in Italy financed through the SARF.

Finally, the Group signed new amendments on August 31, 2017 in order to adjust the concentration limits on car manufacturers following the acquisition of OPEL by PSA Group.

(ii) Asset-Backed Bridge Facility

On December 19, 2017, in order to optimize the fleet financing conditions of Goldcar immediately after the closing of the acquisition, the group signed, with a diversified pool of international banks, a new €450 million Bridge Facility secured by Goldcar fleet assets in Spain, Italy and France. This Bridge Facility permitted to refinance the existing debt of Goldcar at the closing date and allows the Goldcar Fleetcos entities in these three countries to finance the acquisition of new vehicles. Each entity has the ability, on a monthly basis and for a twelve-month period starting December 19, 2017, to draw down the credit line to finance the acquisition of new vehicles. During this availability period, the Asset-Backed Bridge Facility bear interest at EURIBOR + 225 bps and allow to finance the reported net book value of the fleet with an advance rate of 75%.

After these twelve-month period, the purchase of new vehicles dedicated to the fleet of Goldcar should be mainly financed by the Group Senior asset Revolving Facility (SARF). The stock of vehicles financed by the Bridge Facility should not be transferred to the SARF and should remain financed by the Bridge through specific conditions (notably interest and advance rates). The Bridge Facility will be repaid progressively with the proceeds coming from the vehicles resale process.

(iii) United Kingdom fleet financing facilities

The United Kingdom fleet has a stand-alone arrangement through the Group's United Kingdom subsidiaries, including Europcar Group UK Limited, Europcar UK Limited and certain subsidiaries of Europcar UK Limited, comprising a working capital facility and two main leasing facilities (one with Lloyds for GBP 190 million and the other with Lombard for GBP 160 million). In October 2014, all financing lines were renegotiated. In addition to obtaining better conditions and expanding the banking pool, the refinancing *via* the establishment of a Club Facility increases fleet financing facilities of the UK entities to GBP 455 million, maturing in three years with a two-year extension option.

On September 20, 2016, Europcar signed an amendment to the Club Facility to extend maturity by one year to October 2019, reduce the margin by 20 basis points to LIBOR +180 bp, and recompose the banking pool. The amount of the Club Facility is now GBP 400 million, with an uncommitted "Seasonal Facility" of GBP 100 million provided by the Club Facility banks each year between May and October to cope with the spike in activity.

New amendments were signed on July 20, 2017 and October 6, 2017 to modify certain legal documentation and general covenants. In this context, the margin on LIBOR was adjusted by 20 basis points to reach 200 bp.

The total amount guaranteed for the leasing facilities is GBP 455 million (2016: GBP 455 million). Vehicles are acquired from the manufacturers, then sold to lessors and operated through lease-back agreements. As of December 31, 2017, the outstanding amount under those agreements was GBP 328 million (2016: GBP 317.6 million).

27.8 Australia asset financing

National Australia Bank ("NAB"), Toyota Financial Services, Commonwealth Bank of Australia, Westpac Bank, Bank of Queensland, Mercedes Financial Services and Alphabet Financial Services have granted Europcar Australia and New Zealand senior credit facilities (the "Australian Fleet Financing Facilities"), including renewable and non-renewable operating leases and financing leases capped at AUD 449 million. These facilities are generally renewed annually in April of each year.

NAB Facilities are secured by fixed and floating charges over Europcar Australia assets, including goodwill and uncalled capital and called but unpaid capital, together with assignment of the related insurance policy. There are also performance guarantees for the facilities.

27.9 Buchbinder fleet financings

Buchbinder fleet is financed through various short-term bilateral facilities (banking and operating lease facilities) contracted with banks and car manufacturers in Germany and Austria. As of December 31, 2017, the total amount drawn under Buchbinder fleet financings facilities is equal to €241 million. These facilities include usual covenants for such kind of financings.

27.10 Major operating leases

The Group finances a portion of its fleet in all countries in which it is present, including Germany, France, Italy and Spain, through operating leases. In certain countries, the operating companies have entered into comprehensive framework operating lease agreements with financial institutions and manufacturers.

The financing of our operating leases is mostly correlated to the 6-month EURIBOR rate, in particular due to contractual terms that match the average length of the holding period of cars.

Note 28 "Financial risk management" provides further information on the Group's exposure to interest rate and liquidity risks.

NOTE 28 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management program seeks to mitigate the potential negative impacts of volatility in the financial markets on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group Treasury Department is responsible for risk management, and submits its proposals for financial transactions for approval by the Management Board. The Group Treasury Department identifies, evaluates and recommends derivative instruments to hedge financial risks in close collaboration with the Group's operational units. The Management Board decides whether to authorize these recommendations based on formal documentation describing the context, purpose and main characteristics of the transactions. Once the Management Board has approved the transactions, Group Treasury is responsible for implementing the hedges. This procedure is prepared and monitored for the management of all material financial risks, and in particular interest rate and credit risk, as well as for the use of derivative and ordinary financial instruments, and the short-term investment of surplus cash. The Group does not use derivative financial instruments for any purpose other than managing its exposure. All hedging operations are either centrally coordinated or carried out by Group Treasury.

The Group continuously assesses the financial risks identified (including market risk, credit risk and liquidity risk) and documents its exposure in its consolidated financial statements. The Group believes that its exposure at December 31, 2017 has not changed significantly during the last 12 months and therefore the policy implemented to mitigate such exposure remains consistent with prior years.

28.1 Market risk

(i) Foreign exchange risk

The Group operates in several countries internationally and is exposed to a foreign exchange risk arising from various currency exposures, primarily the pound sterling. Foreign exchange risk arises from translation into euros of the results and net assets of the subsidiaries having a functional currency other than the euro.

The foreign exchange risk related to intragroup financial transactions and, to a lesser extent, transactions with franchisees is somewhat limited with each subsidiary operating in its own market and functional currency.

As of December 31, 2017, the Group did not have any investments in foreign operations other than in the United Kingdom, Australia, New Zealand and Denmark, the net assets of which could be exposed to a currency risk.

The summary of the Group's of quantitative exposure to foreign exchange risk arising from translation of balances into the functional currency is as follows:

In thousands of euros	GBP	AUD	DNK	Total 2017
Trade and other receivables (including the fleet)	105,567	16,888	6,753	129,208
Other financial assets:				
Non-current investments	3,901	76	727	4,704
Other financial assets	1	-	-	1
Cash and cash equivalents	19,673	30,719	75	50,467
TOTAL FINANCIAL ASSETS	**129,142**	**47,683**	**7,555**	**184,380**
Trade and other payables (including the fleet)	98,955	25,906	12,977	137,838
Loans and borrowings	322,110	95,838	74,119	492,067
Impact of hedging derivatives	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**421,065**	**121,744**	**87,096**	**629,905**
NET EXPOSURE (TO EXCHANGE RISK) FOR NON-EURO COMPANIES	**(291,923)**	**(74,061)**	**(79,541)**	**(445,525)**

In thousands of euros	GBP	AUD	DNK	Total 2016
Trade and other receivables (including the fleet)	103,323	14,240	-	117,563
Other financial assets:				
Non-current investments	259	85	-	344
Other financial assets	2	-	-	2
Cash and cash equivalents	21,217	28,905	-	50,122
TOTAL FINANCIAL ASSETS	**124,801**	**43,230**	**-**	**168,031**
Trade and other payables (including the fleet)	93,783	19,950	-	113,733
Loans and borrowings	325,856	96,771	-	422,627
TOTAL FINANCIAL LIABILITIES	**419,639**	**116,721**	**-**	**536,360**
NET EXPOSURE (TO EXCHANGE RISK) FOR NON-EURO COMPANIES	**(294,838)**	**(73,491)**	**-**	**(368,329)**

At December 31, 2017, if the euro had appreciated or depreciated by 15% against the pound sterling, with all other variables held constant, net profit for the year would have increased/decreased by €7.2 million (2016: €2.4 million) and equity would have increased/decreased by €63 million (2016: €40.7 million).

(ii) Interest rate risk

With the exception of investments in bonds in the Euroguard insurance program (see "Insurance risks"), the Group does not hold any significant interest-bearing assets. Accordingly, its revenue is not significantly subject to changes in market interest rates.

The Group is exposed to risk that rates on its variable rate financing might rise: on revolving lines of credit. On the one hand, but also from operating leases for vehicles. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

In accordance with its hedging policy, and in respect of certain of its debt instruments bearing interest at variable rates (specifically the SARF, the RCF, some fleet financing bilateral facilities and most operating leases), the Group hedges a significant portion of the risk of fluctuations in the benchmark rate, which is generally based on EURIBOR. In 2017 and 2016, a significant part of the

Group's borrowings at variable rates were denominated in euro and based on EURIBOR. The Group may also hedge its exposure to fluctuations in LIBOR and/or the Australian benchmark rate in respect of its financing facilities in the UK and Australia.

The Group analyzes its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration, among other things refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the Group manages its cash flow risk on interest rates by using fixed or capped variable interest rate swaps. These swaps convert variable rate debt to fixed rate debt. Generally, the Group raises by using fixed-variable or capped interest rate swaps long-term borrowings for revolving fleet financing facilities at floating rates and swaps them into fixed rates that are generally lower than those available if the Group borrowed at fixed rates directly.

The Group is protected against the risk of rising interest rates through two interest rate swaps and two interest rate cap agreements:

- an interest rate swap for a nominal principal amount of €1,000 million maturing on October 17, 2020 mainly used to hedge the interest rate risk of the SARF, in which the Group pays an average fixed interest rate of 0.516% and receives a floating interest rate equal to the one-month EURIBOR; and
- an interest rate swap with a nominal principal amount of €600 million maturing in June 2021, for which the Group pays a fixed interest rate of 0.96% and receives a variable interest rate corresponding to the six-month EURIBOR; and
- two caps with a nominal principal amount of €100 million each maturing on October 17, 2020 in response to the increase of the SARF amount by €200 million completed in September 2016, in which the Group is protected against a variable interest rate increase equal to the one-month EURIBOR above 0%.

An outstanding amount of approximately €1.15 billion in variable-rate credit lines is backed by swaps (see table below), and an outstanding amount of approximately €0.6 billion in variable-rate leases is backed by the swaps.

At closing, the distribution of loans by rate type was as follows:

In thousands of euros	At December 31, 2017	At December 31, 2016
Non-current liabilities		
Fixed rate borrowings	1,576,037	962,620
Variable rate borrowings	(5,896)	(9,380)
Variable rate hedged	*(7,023)*	*(9,393)*
Variable rate not hedged	*1,127*	*13*
	1,570,141	**953,240**
Current liabilities		
Fixed rate borrowings	886	7,443
Variable rate borrowings	1,949,376	1,216,999
Variable rate hedged	*1,146,053*	*701,036*
Variable rate not hedged	*793,281*	*515,963*
	1,950,262	**1,224,442**

All interest rate swaps reported by the Group are classified as cash flow hedges.

Tests performed in connection with such hedging instruments showed inefficiency estimated at €2.2 million recorded as a profit in the 2017 income statement. (December 31, 2016: an expense of €0.7 million was recognized).

At December 31, 2017, if interest rates had increased by 100 basis points, the fair value recognized in comprehensive income would have increased by €45 million (December 31, 2016: €61.4 million).

At December 31, 2017, if interest rates had decreased by 100 basis points, the fair value recognized in comprehensive income would have increased by €47 million (December 31, 2016: €64.7 million).

In the year ending December 31, 2017, if interest rates had varied by 1%, interest expense on the unhedged portion of borrowings, all other constants being equal, would have varied by €6.8 million (December 31, 2016: € 4.4 million).

28.2 Credit risk

Credit risk is managed on a Group-wide basis. Credit risk arises on:

- cash and cash equivalents;
- derivative financial instruments;
- deposits with banks and financial institutions;
- arrangements with car manufacturers and dealers;
- customer receivables, particularly outstanding receivables and pending commitments.

For banks and financial institutions, only counterparties that are independently rated are accepted. The utilization of credit limits is regularly monitored.

Loans and receivables credit risk analysis

In thousands of euros	At December 31, 2017	At December 31, 2016
Neither past due nor impaired [1]	2,309,615	1,880,539
Past due but not impaired	272,294	165,647
Impaired	32,449	34,324
TOTAL	**2,614,358**	**2,080,510**

(1) Net of provisions for stolen and damaged cars (see Note 21).

The maximum exposure to credit risk at the reporting date is the carrying amount of loans and receivables. The Group does not hold any collateral as security.

Loans and receivables neither past due nor impaired relate to a number of independent counterparties for whom there is no recent history of default or expected default.

The Group's credit risk exposure to car manufacturers and dealers primarily arises from:

- the risk of non-recoverability of receivables relating to buyback commitments received from car manufacturers;
- the risk of having to self-finance the receivables referred to in the previous point; and
- the risk of bankruptcy of a significant supplier and the subsequent uncertainty surrounding future supplies.

No single customer accounts for 10% or more of Europcar Groupe's revenue in 2017.

In addition, the Group has implemented procedures to monitor and reduce credit risk exposure that include customer credit limits in the information system, monthly tracking of car manufacturer credit ratings and overdue receivable risk monitoring reporting. The aged analysis of loans and receivables past due but not impaired and excluding financial loans and receivables is as follows:

In thousands of euros	Not yet due	Less than 3 months past due	Between 3 and 6 months past due	More than 6 months past due	Total
Vehicle buy-back agreement receivables	1,546,500	-	-	-	1,546,500
Fleet receivables	441,260	130,325	35,692	12,722	619,999
Rental receivables	179,057	42,167	10,901	20,857	252,982
Customers	31,600	4,170	1,446	7,523	44,739
Other receivables	71,026	30	-	2,177	73,233
TOTAL AT DECEMBER 31, 2017	**2,269,443**	**176,692**	**48,039**	**43,279**	**2,537,453**

In thousands of euros	**Not yet due**	**Less than 3 months past due**	**Between 3 and 6 months past due**	**More than 6 months past due**	**Total**
Vehicle buy-back agreement receivables	1,059,974	-	-	-	1,059,974
Fleet receivables	508,985	92,855	7,218	3,681	612,739
Rental receivables	148,343	32,870	9,862	7,843	198,918
Customers	21,997	1,403	236	6,891	30,527
Other receivables	55,639	-	-	-	55,639
TOTAL AT DECEMBER 31, 2016	**1,794,938**	**127,128**	**17,316**	**18,415**	**1,957,797**

28.3 Price risk

The Group is not exposed to equity price risk given the non-material amounts of its financial investments classified as either available-for-sale or recognized at fair value through profit or loss. The Group is not directly exposed to commodity price risk but is exposed to the risk of increasing holding costs for vehicles.

28.4 Liquidity risk

The Group is currently monitored by the Moody and Standard & Poor's rating agencies, which have awarded it the following ratings: B1 stable outlook and B+ stable outlook, respectively.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows determined on a consolidated basis. Each operational entity produces liquidity and cash forecasts for internal reporting purposes. Those forecasts are consolidated at Group Treasury level and analyzed by Group management and operational units.

The budget, on which the cash forecast for fiscal year 2018 is based, has been built on assumptions taking into account the impact of the currently uncertain economic environment.

The liquidity risk management strategy is based around maintaining sufficient available lines of credit and guaranteed credit facilities for appropriate amounts. Given the dynamic nature of the underlying businesses—particularly seasonal fluctuations—flexible financing arrangements are provided by guaranteed medium- to long-term revolving lines of credit.

The following table presents the Group's financial liabilities including hedging derivatives by relevant maturity, based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying values, as the impact of discounting is not significant.

		Up to 1 year		**From 1 year to 5 years**		**> 5 years**		**Total**	
In thousands of euros	**Fair value**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
December 31, 2017									
Notes issued	1,531,539	-	65,568	950,000	197,130	600,000	47,438	1,550,000	310,136
Bank borrowings and finance lease liabilities (1)	642,151	166,222	9,537	485,268	1,372	-	-	651,490	10,909
Senior asset financing facility (1)	736,887	-	10,495	736,887	27,112	-	-	736,887	37,607
Other borrowings	609,826	564,442	1,150	45,384	641	-	-	609,826	1,791
Derivative liabilities	37,122	-	-	-	37,122	-	-		37,122
Trade and fleet payables	604,196	604,196	-	-	-	-	-	604,196	-
Deposits	41,541	41,541	-	-	-	-	-	41,541	-
TOTAL FINANCIAL LIABILITIES	**4,203,262**	**1,376,401**	**86,750**	**2,217,539**	**263,377**	**600,000**	**47,438**	**4,193,940**	**397,565**

(1) Revolving credit facilities are classified on the balance sheet as current liabilities given their nature.

		Up to 1 year		From 1 year to 5 years		> 5 years		Total	
In thousands of euros	**Fair value**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
December 31, 2016									
Notes issued	949,417	-	52,438	-	209,750	950,000	62,214	950,000	324,402
Bank borrowings and finance lease liabilities (1)	463,820	130,335	8,781	333,485	15,647	-	-	463,820	24,428
Senior asset financing facility (1)	686,238	-	8,810	686,238	22,759	-	-	686,238	31,569
Other borrowings	78,207	57,561	1,150	20,646	641	-	-	78,207	1,791
Derivative liabilities	56,216	-	-	-	56,216	-	-	-	56,216
Trade and fleet payables	679,678	679,678	-	-	-	-	-	679,678	-
Deposits	41,541	41,541	-	-	-	-	-	41,541	-
TOTAL FINANCIAL LIABILITIES	**2,955,117**	**909,115**	**71,179**	**1,040,369**	**305,013**	**950,000**	**62,214**	**2,899,484**	**438,406**

(1) Revolving credit facilities are classified on the balance sheet as current liabilities given their nature.

The table below shows the credit limits and balances with the three major counterparties at the reporting date:

	At December 31, 2017		At December 31, 2016	
In thousands of euros	**Credit limit**	**Utilized**	**Credit limit**	**Utilized**
Revolving credit (1)	500,000	171,711	350,000	26,400
Senior asset financing lines related to fleet financing	1,300,000	739,582	1,300,000	692,970
Financing other than senior asset financing lines related to fleet financing (2)	2,032,882	1,375,550	1,055,680	808,321

(1) The amounts drawn include the revolving credit facility of €160 million at December 31, 2017 (2016: €13 million) and guarantees given in the course of the Group's operations.

(2) Mainly relates to fleet operations in the United Kingdom, Goldcar, Buchbinder, Australia, Denmark and Portugal which are financed through credit lines other than the fleet financing loan.

28.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

28.6 Insurance risks

The Group's operating subsidiaries located in France, the United Kingdom, Portugal, Belgium, Italy and Germany buy local motor third party liability insurance policies through AIG Europe Limited entities, which reinsure part of such risks with a reinsurance structure hosted by Euroguard, a protected cell reinsurance company. The Group owns a reinsurance cell (9) within Euroguard, which has been consolidated since January 2006. Local Europcar entities finance a significant portion of the risk through a franchise funding mechanism managed *via* another cell (0) located within Euroguard, which acts simply as a fund manager. The funds hosted in this cell are also consolidated.

The Spanish, Australian, New Zealand, Irish, Danish and also Goldcar and Buchbinder subsidiaries buy insurance coverage in their local markets using conventional risk transfer mechanisms, subject or not to the franchise deduction.

(i) Frequency and severity of claims

The Group uses its auto fleet liability insurance programs to insure against property damage and bodily injury caused to third parties by the drivers of Europcar vehicles. Because auto liability insurance is mandatory, the risk is initially transferred from ground up to the insurer, but partly funded and reinsured by Europcar as a group on the back-end side through various risk self-financing techniques.

The cost of Europcar's auto fleet liability risk is based on a combination of frequency and severity events. Europcar has developed a strategy based on self-financing frequent risks and effectively transferring severity risk to the insurer (applicable to the main countries in which the Group operates, with the exception of Spain, Australia and New Zealand for the reasons set out above):

- operating a large fleet entails significant risk of the occurrence of multiple small third-party claims. The expense stemming from these small claims can be predicted with a good level of certainty by actuaries, who factor into their projections the variation in activity and trends observed in the various countries. A line of €500,000 per claim is self-insured in this manner;
- operating a fleet also results in the occurrence of more random and more costly events, essentially bodily injury claims from third parties invoking Europcar's liability. Such events cannot be anticipated by actuaries with a satisfactory level of certainty, which is why the portion of risk exceeding €500,000 is carried by the insurer.

The trend observed in the markets where Europcar operates is an increase in the unit cost of bodily injury claims. This is due to economic, legal and social factors.

(ii) Sources of uncertainty in the estimation of future claim payments

Claims falling within the scope of motor third party liability insurance policies give rise to compensation payable on a case-by-case basis. The Group, by virtue of the self-insurance component of the program, financially bears all claims insured up to €500,000 per claim over the period. Part of the claims occurring during a given insurance period materializes after the expiry of this period due to the late notification of claims and changes during the period subsequent to the period covered (usually due to a deterioration in the health status of the victim or the judicial character of the case). As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

(iii) Changes in assumptions and methodology

The Group did not change any of the main assumptions or methodologies for the insurance contracts disclosed in this note in 2017, other than updating its cost in light of the time value of money.

NOTE 29 DERIVATIVE FINANCIAL INSTRUMENTS

Total interest rate derivatives eligible for hedge accounting

In thousands of euros	**Nominal**	**Indexing**	**Fair value at 12/31/2017**	**Fair value adjustments during period**	**Impact on financial income**	**Impact on equity**
Interest rate swaps expiring in 2020 (1) - 0.5161%	1,000,000	1-month EURIBOR	(18,541)	12,073	2,230	9,843
Interest rate swaps expiring in 2021 (2) - 0.96%	600,000	6-month EURIBOR	(18,580)	7,022	-	7,022
Interest rate caps expiring in 2020 - 0%	200,000	1-month EURIBOR	760	(563)	(563)	-
ASSET SWAPS	**1,800,000**		**(36,361)**	**18,532**	**1,667**	**16,865**

(1) Maturity extended until October 2020 and renegotiation of rates in 2016: the rate was reduced to 0.5161% (in 2015, the rate was 0.8059%).
(2) Maturity extended until July 2021, rate change to 0.96% and nominal increased to €600 million (in 2015, the rate was 1.099%).

In thousands of euros	Nominal	Indexing	Fair value at 12/31/2016	Fair value adjustments during period	Impact on financial income	Impact on equity
Interest rate swaps expiring in 2020 [(1)] - 0.5161%	1,000,000	1-month EURIBOR	(30,614)	(1,252)	(680)	(572)
Interest rate swaps expiring in 2021 [(2)] - 0.96%	600,000	6-month EURIBOR	(25,602)	(2,874)	-	(2,874)
Interest rate caps expiring in 2020 – 0%	200,000	1-month EURIBOR	1,151	219	219	-
ASSET SWAPS	**1,800,000**		**(55,065)**	**(3,907)**	**(461)**	**(3,446)**

(1) Maturity extended until October 2020 and renegotiation of rates in 2016: the rate was reduced to 0.5161% (in 2015, the rate was 0.8059%).
(2) Maturity extended until July 2021, rate change to 0.96% and nominal increased to €600 million (in 2015, the rate was 1.099%).

The fair value of a hedging derivative is recorded as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the maturity of the hedged item is less than 12 months.

The forward swap agreements qualify for cash flow hedge accounting and therefore the effective portion of changes in fair value is recognized in equity. In 2017, an income of €2.2 million was recorded in financing costs for the inefficiencies generated by the EURIBOR 1-month forward swap (in 2016, the expense was €0.7 million).

The consideration of credit risk in the valuation of derivatives had no material impact on fair value as of December 31, 2017.

NOTE 30 EMPLOYEE BENEFITS

	At December 31, 2017			At December 31, 2016		
In thousands of euros	Pensions	Other LT employee benefits	Total	Pensions	Other LT employee benefits	Total
Non-current	131,058	2,893	133,951	136,987	2,910	139,897
Current	3,149	-	3,149	3,247	-	3,247
TOTAL	**134,207**	**2,893**	**137,100**	**140,234**	**2,910**	**143,144**

30.1 Net liability recognized in the statement of financial position

The Group has defined benefit pension obligations for some of the Group's employees in the United Kingdom, France, Germany, Italy and Belgium.

In thousands of euros		At December 31, 2017	At December 31, 2016
Present value of funded or partially funded obligations	(A)	(76,334)	(81,626)
Fair value of plan assets	(B)	65,974	68,685
Surplus/(Deficit) at period end (1)		**(10,360)**	**(12,941)**
Present value of unfunded obligations	(C)	(123,848)	(127,293)
Unrecognized prior service costs			
NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS AT END OF PERIOD		**(134,207)**	**(140,234)**
Inc.:			
A statement of financial position liability of		134,207	140,234
A statement of financial position asset of		-	-

(1) Mainly in the United Kingdom and Belgium.

30.2 Change in net liabilities recognized in the statement of financial position

In thousands of euros	At December 31, 2017	At December 31, 2016
Net liability for defined benefit obligations at January 1	(140,234)	(118,793)
Changes in scope of consolidation	(84)	(326)
Settlements	-	(13)
Contributions paid into plan	706	1,669
Benefits paid	3,299	3,585
Current service cost, interest expense and expected return on plan assets	(4,481)	(4,888)
Past service cost	-	-
Actuarial gains/(losses) recognized in equity (1)	6,274	(22,561)
Curtailments	125	887
Foreign currency differences	188	206
NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS AT END OF PERIOD	**(134,207)**	**(140,234)**

(1) In 2016, the employee benefit obligation for Germany and the United Kingdom were remeasured by € (11.1) million and € (9.5) million respectively mainly given the changes in the discount rate at December 31, 2016 based on the first-tier corporate bonds in Germany (2% at December 31, 2015 versus 1.3[0%] at December 31, 2016) and the United Kingdom (3.85% at December 31, 2015 versus 2.60% at December 31, 2015). In 2017, the employee benefit obligation for those two countries were remeasured by €3.6 million and €1.6 million.

30.3 Movement in defined benefit obligations

In thousands of euros		At December 31, 2017	At December 31, 2016
Defined benefit obligations at January 1		(208,919)	(190,423)
Curtailments		125	887
Settlements		-	(13)
Defined benefit obligations acquired as part of a business combination		(84)	(326)
Benefits paid		7,888	6,187
Current service cost		(2,626)	(2,616)
Interest on obligations		(3,514)	(4,642)
Actuarial gains/(losses) recognized in equity		4,580	(27,877)
Foreign currency differences		2,368	9,904
DEFINED BENEFIT OBLIGATIONS AT END OF PERIOD	**(A)+(C)**	**(200,182)**	**(208,919)**

30.4 Plan assets

	2017		2016	
In % (average)	Eurozone	United Kingdom	Eurozone	United Kingdom
Equities	0%	31%	0%	18%
Debt	0%	42%	0%	54%
Other assets	100%	27%	100%	28%

30.5 Change in assets of the defined benefit plans

In thousands of euros		At December 31, 2017	At December 31, 2016
Fair value of plan assets at January 1		68,685	71,630
Contributions paid into plan		706	1,669
Benefits paid		(4,589)	(2,602)
Expected rate of return on plan assets		1,659	2,370
Actuarial gains/(losses) recognized in equity		1,694	5,316
Foreign currency differences		(2,181)	(9,698)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**(B)**	**65,974**	**68,685**

30.6 Expenses recognized in the income statement for defined benefit plans

In thousands of euros	At December 31, 2017	At December 31, 2016
Current service costs	2,626	1,326
Interest on obligations	3,514	5,749
Expected rate of return on plan assets	(1,659)	(2,370)
Past service cost	-	-
Curtailments/settlements	(125)	(889)
TOTAL	**4,356**	**3,816**

The expense is recognized in "Personnel costs" and analyzed in Note 7, excluding the financial cost and expected return on plan assets, and amounted to €1.8 million. In the three main countries (France, Germany and United Kingdom), the estimated charge recognized in the income statement for 2018 on the basis of assumptions at December 31, 2017, amounts to €3.7 million.

30.7 Actuarial assumptions

Group obligations are valued by an external independent actuary, based on assumptions at the reporting date that are periodically updated. These assumptions are set out in the table below:

	2017			2016		
	Eurozone excl. Germany (1)	Germany	United Kingdom	Eurozone excl. Germany (1)	Germany	United Kingdom
Discount rate	1.50%	1.50%	2.45%	1.30%	1.30%	2.60%
Inflation rate	1.50% to 1.80%	1.00%	3.25%	1.50% to 1.80%	1.00%	3.30%
Expected rate of salary increase	1.50% to 3.50%	2.00%	-	1.75% to 3.50%	2.00%	-
Expected rate of pension increase	0.00% to 2.63%	1.00%	3.10%	0.00% to 3.5%	1.00%	3.15%
Expected rate of return on plan assets	1.30% to 1.50%	na	2.45%	1.30% to 2.00%	na	2.60%

(1) The eurozone includes plans in Italy, France and Belgium expressed as a weighted average.

The discount rate is the yield at the reporting date on bonds with a credit rating of at least AA that have maturities similar to those of the Group's obligations.

A 0.25% increase in the discount rate would reduce the benefit obligation by €7.6 million; a 0.25% decrease in the discount rate would increase the benefit obligation by €8.2 million.

The estimated return on plan assets has been determined based on long-term bond yields. All of the plan assets are allocated to United Kingdom and Belgian employees.

Assumptions concerning long-term returns on plan assets are based on the discount rate used to measure defined benefit obligations. The impact of the revised IAS 19 is not material for Europcar Groupe.

Assumptions regarding future mortality rates are based on best practice and published statistics and experience in each country.

30.8 Actuarial gains and losses recognized directly in equity (net of deferred tax)

In thousands of euros	At December 31, 2017	At December 31, 2016
Cumulative opening balance	(53,831)	(37,939)
Gain/(loss) recognized during the year/period	4,570	(15,892)
Cumulative closing balance	**(49,261)**	**(53,831)**

30.9 Experience adjustments

In thousands of euros	2017	2016	2015	2014	2013	2012	2011
Present value of defined benefit obligations	(63,305)	(68,320)	(63,917)	(61,369)	(50,720)	(47,859)	(42,325)
Fair value of plan assets	59,960	63,053	65,992	61,669	49,880	47,155	40,668
(surplus)/deficit	3,345	5,266	(2,075)	(300)	(840)	(705)	(1,657)
Experience adjustments to plan liabilities	-	(962)	(247)	1,372	313	-	-
Experience adjustments to plan assets	1,651	5,097	(1,071)	36	1,444	3,174	679

30.10 Contributions to defined contribution plans

In 2017, the Group paid contributions to defined-contribution schemes of €3.7 million (2016: €3.0 million).

NOTE 31 PROVISIONS

In thousands of euros	Insurance claim provisions	Reconditioning provisions	Other provisions	Total
Balance at January 1, 2016	**136,230**	**34,960**	**104,065**	**275,255**
Provisions recognized during the period	68,221	90,775	20,719	179,715
Provisions utilized during the period	(69,653)	(88,533)	(28,075)	(186,261)
Provisions reversed during the period	(12,825)	-	(9,750)	(22,575)
Transfers	-	210	297	507
Effect of foreign exchange differences	(5,538)	(1,174)	(537)	(7,249)
BALANCE AT DECEMBER 31, 2016	**116,435**	**36,238**	**86,719**	**239,392**
Non-current	-	-	*18,640*	*18,640*
Current	*116,435*	*36,238*	*68,079*	*220,752*
Balance at January 1, 2017	**116,435**	**36,238**	**86,719**	**239,392**
Provisions recognized during the period [2]	75,575	102,973	71,526	250,074
Provisions utilized during the period	(71,394)	(102,197)	(20,081)	(193,672)
Provisions reversed during the period [1]	(10,308)	-	(65,447)	(75,755)
Changes in scope of consolidation	1,409	352	6,475	8,236
Transfer	-	-	1,751	1,751
Effect of foreign exchange differences	(957)	(340)	(594)	(1,891)
BALANCE AT DECEMBER 31, 2017	**110,760**	**37,026**	**80,349**	**228,135**
Non-current	-	-	*8,680*	*8,680*
Current	*110,760*	*37,026*	*71,669*	*219,455*

(1) including, in 2017, €45 million reversal of the provision related to the proceedings with the French Competition Authority (Note 35 "Contingencies").
(2) including, in 2017, €43 million due to the accrual of provision related to the Trading Standard investigation in the UK (Note 35 "Contingencies").

(I) Insurance claim provisions

Most of these provisions relate to the insurance risks described in the Section "Financial risk management". For the portion of the self-financed automotive liability risk, Europcar annually establishes a cost schedule for the insurance and brokerage costs, taxes and cost of the self-financed portion for each country. The cost is determined by day of rental and is included in the budget instructions sent to each country at the end of the year. Based on the cost per day of rental, Europcar entities set aside funds to cover costs based on the self-financed portion that will pay claims when benefits are actually due to third parties.

(II) Reconditioning provisions

The provision for reconditioning relates to costs incurred for the present fleet at the end of the buy-back agreement period.

Europcar acquires a large proportion of its vehicles from car manufacturers with buy-back commitments at the end of the contract. These contracts usually stipulate that the vehicles must be returned at the end of a certain period (less than 12 months) and in a certain "condition" (mileage, cleanliness, etc.). Consequently, the Group has commitments to these manufacturers under these contracts and recognizes a provision to cover the cost of restoring the fleet at the balance sheet date. This cost is determined from statistics compiled by the Fleet Department over the last 6 to 12 months. There are no specific key assumptions, but only statistical support.

(III) Other provisions

Other provisions relate mainly to reserves for:

- risks and liabilities for damages to cars financed through operating leases;
- restructuring costs (personnel costs and the costs of moving the Group's head office);
- litigation costs include litigation with franchisees, employee disputes and accident claims.

NOTE 32 OTHER INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

This note presents the Group's financial instrument fair value measurement methodology. The Group's financial risk management policy is described in Note 28 "Financial risk management".

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price: Level 1 in the fair value measurement hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated using the discounted cash flow method: Level 2 in the fair value measurement hierarchy.

The carrying value less the provision for impairment of receivables and payables is assumed to be close to the fair value of those items.

Given the maturity of the financial debts, other liabilities and their respective interest rates, management has concluded that the fair value of the financial liabilities is close to their book value, except for bonds maturing in 2022 and 2024, the fair value of which was determined using the prices quoted on December 31, 2017 and on December 31, 2016 on the Euro MTF Market.

The fair values of the other financial assets and liabilities (investments, other assets, trade receivables and payables) are close to their carrying amounts in view of their short maturities.

The fair values of financial assets and liabilities, together with their carrying amount in the statement of financial position, are as follows:

In thousands of euros	Notes	Carrying value	Fair value	Fair value through profit or loss	Fair value through equity	Fair value at amortized cost
Fair value at December 31, 2017						
Customers	23	370,954	370,954	-	-	370,954
Deposits and current loans	19	22,557	22,557	-	-	22,557
Vehicle buy-back agreement receivables	21	2,342,605	2,342,605	-	-	2,342,605
Fleet receivables	22	619,999	619,999	-	-	619,999
Deposits, other receivables and loans	23	12,521	12,521	-	-	12,521
TOTAL OF LOANS AND RECEIVABLES		**3,368,636**	**3,368,636**	**-**	**-**	**3,368,636**
Investments in non-consolidated entities	19	48	48	-	48	-
Other financial assets	19	32,762	32,762	-	-	32,762
Restricted cash	24	104,818	104,818	104,818	-	-
Cash and cash equivalents	24	240,504	240,504	240,504	-	-
Derivative assets	29	226	226	226	-	-
TOTAL FINANCIAL ASSETS (1)		**3,746,994**	**3,746,994**	**345,548**	**48**	**3,401,398**
Notes and borrowings	27	1,570,141	1,591,143	-	-	1,591,143
Trade payables	23	602,505	602,505	-	-	602,505
Fleet payables	22	520,208	520,208	-	-	520,208
Bank overdrafts and portion of loans due in less than one year	27	1,950,262	1,950,262	-	-	1,950,262
Derivative liabilities	29	37,122	37,122	-	37,122	
TOTAL FINANCIAL LIABILITIES (1)		**4,680,238**	**4,701,240**	**-**	**37,122**	**4,664,118**

(1) Financial assets and liabilities are not offset as they were not contracted with the same counterparties.

In thousands of euros	Notes	Carrying value	Fair value	Fair value through profit or loss	Fair value through equity	Fair value at amortized cost
Fair value at December 31, 2016						
Customers	23	285,083	285,083	-	-	285,083
Deposits and current loans	19	40,348	40,348	-	-	40,348
Vehicle buy-back agreement receivables	21	1,639,707	1,639,707	-	-	1,639,707
Fleet receivables	22	612,739	612,739	-	-	612,739
Deposits, other receivables and loans	23	23,858	23,858	-	-	23,858
TOTAL OF LOANS AND RECEIVABLES		**2,601,735**	**2,601,735**	**-**	**-**	**2,601,735**
Investments in non-consolidated entities	19	1,224	-	-	1,224	-
Other financial assets	19	79,245	79,245	-	-	79,245
Restricted cash	24	105,229	105,229	105,229	-	-
Cash and cash equivalents	24	154,344	154,344	154,344	-	-
Derivative assets	29					
TOTAL FINANCIAL ASSETS (1)		**2,941,777**	**2,940,553**	**259,573**	**1,224**	**2,680,980**
Notes and borrowings	27	953,240	1,001,766	-	-	1,001,766
Trade payables	23	440,065	440,065	-	-	440,065
Fleet payables	22	551,344	551,344	-	-	551,344
Bank overdrafts and portion of loans due in less than one year	27	1,224,442	1,224,442	-	-	1,224,442
Derivative liabilities	29	56,216	56,216	-	56,216	-
TOTAL FINANCIAL LIABILITIES (1)		**3,225,307**	**3,273,833**	**-**	**56,216**	**3,217,617**

(1) Financial assets and liabilities are not offset as they were not contracted with the same counterparties.

The level in the fair value hierarchy at which fair value measurements are categorized, for assets and liabilities measured in the statement of financial position, is as follows:

In thousands of euros	At December 31, 2017	Level 1	Level 2	Level 3
Assets measured at fair value				
Other financial assets	48	48	-	-
Cash and cash equivalents	345,322	345,322	-	-
TOTAL	**345,370**	**345,370**	**-**	**-**

In thousands of euros	At December 31, 2017	Level 1	Level 2	Level 3
Liabilities measured at fair value				
Derivative liabilities	37,122		37,122	-
TOTAL	**37,122**		**37,122**	**-**

Time-frame for recycling items from OCI to profit and loss:

In thousands of euros	At December 31, 2017	2018	2019	2020	2021	2022
Recycling of completed operations	-	-	-	-	-	-
Recycling of operations in progress	37,122	16,012	13,223	6,841	1,045	-

NOTE 33 OFF-BALANCE SHEET COMMITMENTS

33.1 Fleet operating leases

The Group's minimum future payments for non-cancellable operating leases as of December 31, 2017 are as follows:

In thousands of euros	At December 31, 2017		At December 31, 2016	
	TOTAL	Including amounts related to rental fleet	**TOTAL**	Including amounts related to rental fleet
Payable:				
Within 1 year	271,507	193,307	253,026	190,439
From 1 to 5 years	200,455	14,766	138,479	3,793
More than 5 years	65,678	-	35,152	-
TOTAL	**537,640**	**208,073**	**426,657**	**194,232**

The Group leases vehicles in Germany, Belgium, Portugal, France, Spain, Australia, New Zealand, Ireland and Denmark. The Group also leases facilities and other assets. Facilities and other asset leases run for a period of three to nine years in most instances, usually with an option to renew the lease after that date.

In the year ending December 31, 2017, €284.4 million were recognized as an expense in the income statement for operating leases related to the rental fleet (€256.8 million at December 31, 2016). For assets other than the rental fleet leased under operating leases (mainly rental station facilities), expenses recorded in the 2017 consolidated income statement were €83.3 million (€70.0 million at December 31, 2016).

33.2 Capital commitments for vehicle purchases

During 2017, the Group entered into contracts to purchase vehicles. As of December 31, 2017, current commitments amounted to €929.2 million (December 2016: €1,040.0 million).

33.3 Asset purchase commitments

During 2017, the Group entered into contracts to purchase intangible assets and property, plant and equipment. As of December 31, 2017, current commitments are almost nil (December 2016: €0.8 million).

33.4 Contingent assets and liabilities and guarantees

Guarantees given by the Group

- The Group has provided various guarantees (mostly joint and several guarantees) to certain third parties (mainly for fleet leasing transactions) within the normal course of business, as well as some specific purpose guarantees, including a €45 million guarantee to AIG Europe Ltd for the performance of certain obligations of its self-insurance program (Loss Retention Agreement), which could be exercised in the highly unlikely event that Europcar were unable to meet its commitments under such Loss Retention Agreement.
- A December 31, 2017, ECG had given €11.7 million in guarantees to suppliers (December 2016: €13.4 million). Contingent assets totaled €3.7 million (December 2016: € 3.2 million).
- Securitifleet SAS and Securitifleet SL respectively own a substantial part of the fleet leased by Europcar France S.A.S and Europcar IB S.A. to their respective clients, and have given their vehicles as a guarantee: for Securitifleet S.A.S, in favor of Crédit Agricole Corporate and Investment Bank, its successors and assignees and, more particularly, in favor of the French securitization mutual fund, FCT Sinople, in accordance with the provisions of Articles 2333ff. of the French Civil Code and, for Securitifleet S.L., in favor of its creditors and its successors and assignees pursuant to a contract known as the "Spanish Securitifleet Financing Agreement" and in accordance with Article 1863 of the Spanish Civil Code. For the requirements of these

pledges, Europcar France SAS and Europcar IB SA were respectively appointed as third-party holders (tiers convenu and *tercero poseedor de conformidad*) in accordance with the provisions of Article 2337 of the French Civil Code and Article 1863 of the Spanish Civil Code, respectively. Consequently, any vehicle returned by customers of Europcar France SAS or Europcar IB S.A. will either have to be made to Europcar France SAS or Europcar IB SA in their capacity as agreed third party (tiers convenu and *tercero poseedor de conformidad*) or, if applicable, to any other entity substituted for them and under no circumstances to Securitifleet France SAS or Securitifleet S.L.

- To secure the Senior Revolving Facility Agreement or RCF, dated July 13, 2017, put in place by the Company to benefit the lenders and the banks;
  - guarantees as a *caution solidaire* to each Finance Party by the borrowers and the lenders;
  - has granted a pledge over its shares in Europcar International S.A.S.U.

  To secure the €350 million 2.375% Senior Secured Notes due 2022, dated November 2, 2017, the Company guarantees the punctual payment of all monetary obligations of EC Finance Plc under the Indenture and the Notes.

  To secure the €600 million 5.750% Senior Notes due 2022, dated June 10, 2015, and the €600 million 4.125% Senior Notes due 2024, dated November 2, 2017, the Company has granted a pledge over its shares in Europcar International S.A.S.U. (second ranking after the pledge granted under the RCF).

  To secure the Asset Backed Financing Facility Agreement, dated December 19, 2017, the Company guarantees as a *caution solidaire* to each Finance Party by the borrowers and the lenders.

Guarantees received by the Group

- ECG received a vendor warranty granted by the Volkswagen group at the time of the acquisition of the Group in 2006. This guarantee has expired and can no longer now be called upon except in relation to certain very specific matters. However, relating to previous implementations or such specific implementations, the Company may still receive compensation subject to the completion of ongoing litigation or pre-litigation and in agreement with Volkswagen on the final amount of such compensations.

Pledges

- The Group has granted pledges on some of its assets, in particular subsidiaries' shares, receivables, bank accounts and business assets. The assets of the Securitifleet group as well as those related to Securitifleet group operations are pledged in favor of EC Finance Notes holders and the lenders of the SARF 2015. Other assets have been pledged in favor of the lenders of the Senior Revolving Credit Facility, except for certain United Kingdom based assets and Australia/New Zealand based assets which are pledged in favor of the local lenders for those respective territories.

NOTE 34 RELATED PARTIES

Under IAS 24, related parties include parties with the ability to control or exercise significant influence over the reporting entity. All business transactions with non-consolidated subsidiaries are conducted at arm's length. Several members of the Group's management and Supervisory Board are members of the management bodies of companies with which Europcar Groupe S.A. has relations in the normal course of its business activities. All transactions with these parties are conducted at arm's length.

34.1 Transactions with companies over which Europcar Groupe exercises significant influence

The Group has subscribed to the capital increase of Car2go Europe in line with its 25% stake for the following amounts: €5.7 million in 2012, €5 million in 2013, €5.7 million in 2014, €12.5 million in 2015, €6.3 million in 2016 and €10.35 million in 2017.

34.2 Compensation of key executives

In 2015, at the time of the Company's IPO, a new governance structure was implemented. Henceforth the Management Board has the authority and responsibility to plan, direct and control the activities of the Group. For this reason, the compensation of its members is detailed below.

In addition to their salaries, the Group provides non-cash benefits to executive officers and contributes to a post-employment defined benefit plan on their behalf. There were no significant transactions with any companies related directly or indirectly to key management members disclosed in the management report of the Europcar subsidiaries.

The senior executives of the Group were compensated as follows during the year. Employee salaries and short-term benefits include salaries, wages and payroll taxes.

In thousands of euros	At December 31, 2017	At December 31, 2016
Employee salaries and short-term benefits	2,043	3,400
Post-employment benefits	72	93
Termination indemnities	-	1,874
TOTAL	**2,115**	**5,367**

NOTE 35 CONTINGENCIES

In the normal course of its activity, the Group is involved in judicial, administrative or regulatory proceedings. Under the accounting standards applicable to the Group, a provision is recognized on the balance sheet when the Group is bound by an obligation arising from a past event, it is possible that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated.

The main disputes and proceedings currently in progress or that have evolved during the period are as follows:

Proceeding of the French competition authorities

The French Competition Authority (Autorité de la concurrence – ADLC) initiated a procedure in the vehicle rental sector. On February 17, 2015, the ADLC addressed a statement of objections to Europcar France, as well as to other stakeholders, relating to certain practices that are alleged not to be compliant with French anti-trust regulations.

Europcar France lodged its statement of defense brief on May 20, 2015. The Company strongly contested the complaints and the underlying arguments, further to which the ADLC's case-handler was expected to submit a report to the Competition Authority College during the first half of 2016. Following the filing of those statements in response, the reporter of the French Competition Authority issued a report to the College on June 2, 2016. Europcar France replied to this report on September 5, 2016. The hearing before the College of Competition Authority took place on December 12, 2016.

On February 27, 2017, the French Competition Authority rendered a dismissed case decision upon a proceeding in the vehicule rental sector, considering that the alleged practices covered by the investigation services were not established. As this decision could have been subject to an appeal before Paris Court of Appeals, the provision of €45 million recorded in non-recurring expenses as at December 31, 2015, was maintained as at December 31, 2016.

On April 17, 2017 the Group was informed that the Ministry of Economy and Finance decided not to appeal this decision. Consequently, the provision of € 45 million was reversed.

Leicester City Council Trading Standards Services investigation

On June 23, 2017 Leicester City Council Trading Standards Services opened investigation into Europcar UK in relation to allegations that Europcar UK levied charges for repairs where damages to a vehicle have been in dispute and without the consent of the holder; and/or false and / or excessive charges and comprise charges in excess of the cost of the repairs in breach of Regulation 9 of the Consumer Protection from Unfair Trading Regulations 2008. The Group recorded a provision for £38 million

(€43 million) of non-recurring expenses (see Note 12) in its 2017 consolidated financial statements. This amount corresponds to the Company's best estimate, at very early stage of the investigation based on a number of assumptions, including an assumption that the charging practices will be found to be misleading under Regulation 9 of the Consumer Protection from Unfair Trading Regulations 2008 and potential inappropriate behavior when charging repairs costs to consumers.

Dispute with a former franchisee in Israel

In July 2016, Kalrom Leasing And Financing Ltd and Kalrom Motors & Engineering Equipment Ltd brought an action against Europcar International S.A.S.U., Europcar France, Europcar Group UK Ltd before the Lod District Court in Israel, claiming for €3 million in damages on the grounds of breach of agreements and unilateral termination of contracts. Europcar International and its subsidiaries had lodged counterclaims amounting to €1 million for outstanding payments. Europcar entities challenged the jurisdiction of the Israeli courts as the Franchise agreement has an arbitration clause which designates the Chamber of Commerce in Paris.

A settlement Agreement was signed in June 2017 where each Party waived its respective claims.

Italian Competition Authority investigation

July 29, 2015, officers of the Italian Antitrust Authority ("IAA") carried out an investigation at the Europcar Italian's premises in relation to IAA's decision to open an in-depth investigation against ANIASA (the Italian Associations of Car rental Companies) and its members (including Europcar Italia S.p.A.), related to the business data exchanges in the field of the Long Term Car Rental (NLT) in order to verify a possible agreement which restricts competition.

On December 7, 2016 IAA has sent to Europcar Italia S.p.a its notification of grievance. This notification of grievance stated that Europcar is only active on the short term vehicule rental market and is not concerned by the incriminated behavior. As such, Europcar Italia S.p.A has also not been included in the list of company who may potentially be sanctioned.

The Hearing was held on March 1, 2017 and the decision was notified the April 13, 2017. Europcar was completely discharged, the IAA held in fact that Europcar cannot be deemed involved since it is solely active in the short-term car rental market ("NBT") and not in the long-term car rental ("NLT") or fleet management ("FM").

The term for filing the possible appeal against the decision expired on June 12, 2017, and the IAA decided not to appeal.

Litigation with a former franchisee and its sub-franchisees in Brazil

Two of the Group's sub-franchisees in Brazil, Rentax Locação e Comércio de Veículos Ltda. ("Rentax") and Horizon Distribuidora Veículos Ltda. ("Horizon"), have filed a suit against Europcar International S.A.S.U. and its former Brazilian franchisee, Cia Ec Br de Franquias e Locação de Veículos Ltda. ("EC-BR"), claiming unfair termination of the franchise agreement between Europcar International S.A.S.U. and EC-BR. Rentax and Horizon are claiming approximately BRL 19,525,151, (around €6 million). Europcar International S.A.S.U. is seeking to have the case dismissed on statute of limitations grounds and, in particular, arguing that (i) there is no contractual relationship with these two sub-franchisees, and (ii) there was nothing improper by Europcar International S.A.S.U. in the termination of the EC-BR contract.

In the court of first instance, it was found that the suit fi led by Rentax and Horizon was not time-barred and that if Europcar International S.A.S.U. were found liable it would have no recourse against EC-BR. A recourse action being an action by which a person against whom proceedings are initiated, involves a third party to respond to the allegations that may be declared against him or her. On appeal, this ruling was partly overturned by the Court of Appeal, which found that Europcar International S.A.S.U. could seek recourse against EC-BR, claiming back from EC-BR any payment Europcar International S.A.S.U. would make in compliance with a court ruling against it. Europcar International S.A.S.U., considering that the Appeal Court had failed to consider all its arguments about the statute of limitations, appealed to the São Paulo Court of Justice on September 8, 2014. In a ruling handed down on March 17, 2015, the São Paulo court upheld the ruling that the plaintiffs' suit was not time-barred. Its decision on the statute of limitations was appealed to the Superior Court of Justice.

On September 29, 2017, the reporting judge rejected the appeal. ECI filed an interlocutory appeal against this decision, which will be judged by the Superior Court of Justice on February 6, 2018. Please note that this appeal does not suspend the main proceeding. Therefore, in the first instance the judge ordered the service of EC-BR to respond the claim. After several unsuccessful attempts to serve EC-BR, the judge ordered the continuation of the evidencing phase, in which the parties shall prepare all evidences they want to present, including expert reports, testimonies etc. We filed a petition in response to this determination by the court stating that there is no need for additional evidence as the matter on whether the agreement was fairly and legally terminated was already decided by the Appellate Court in the first lawsuit mentioned above, so that this lawsuit should be immediately judged or at least suspended pending a final decision on the first lawsuit. The judge in charge rejected our request and ordered the beginning of the expert examination, as requested by the plaintiffs.

NOTE 36 GROUP ENTITIES

Company name	Local HQ (city)	Country	Consolidation method [1] (FC/EM)	% interest	% control
PARENT COMPANY					
Europcar Groupe S.A.	Voisins-le- Bretonneux	France	FC		
1. Information on consolidated companies					
Europcar International S.A.S.U.	Voisins-le- Bretonneux	France	FC	100.0%	100.0%
Europcar Lab S.A.S	Voisins-le- Bretonneux	France	FC	100.0%	100.0%
EC 4 S.A.S.U.	Voisins-le- Bretonneux	France	FC	100.0%	100.0%
Europcar Holding S.A.S.	Voisins-le- Bretonneux	France	FC	100.0%	100.0%
Europcar Lab S.A.S.U.	Voisins-le- Bretonneux	France	FC	100.0%	100.0%
Europcar Lab UK Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
E-Car Club Holding Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
E-Car Club Ltd	London	United Kingdom	FC	100.0%	100.0%
EC Participations.	Voisins-le-Bretonneux	France	FC	100.0%	100%
PremierFirst Vehicle Rental German Holdings GmbH	Weisbaden	Germany	FC	0.0%	0.0%
Ubeeqo International S.A.S.	Boulogne-Billancourt	France	FC	100.0%	100.0%
Ubeeqo France S.A.S.	Boulogne-Billancourt	France	FC	100.0%	100.0%
Ubeeqo Luxembourg Sarl	Luxembourg	Luxembourg	FC	100.0%	100.0%
Ubeeqo SPRL	Brussels	Belgium	FC	100.0%	100.0%
Ubeeqo GmbH	Düsseldorf	Germany	FC	100.0%	100.0%
Ubeeqo Limited	London	United Kingdom	FC	100.0%	100.0%
Bluemove	Madrid	Spain	FC	100.0%	100.0%
Guidami s.r.l.	Milan	Italy	FC	100.0%	100.0%
Dos Palos Spain S.L	Madrid	Spain	FC	100.0%	100.0%
Blue Sostenible S.L.	Madrid	Spain	FC	100.0%	100.0%
Cochele S.L.	Sevilla	Spain	FC	100.0%	100.0%
Securitifleet Holding S. A	Paris	France	FC	99.3%	8.26%
Securitifleet Holding Bis S.A.S.U.	Paris	France	FC	99.3%	0.0%
EC Finance Plc	London	United Kingdom	FC	0.0%	0.0%
FCT Sinople	Paris	France	FC	0.0%	0.0%
Europcar France S.A.S.	Voisins-le- Bretonneux	France	FC	100.0%	100.0%
Securitifleet S.A.S.U.	Paris	France	FC	100.0%	8.26%
Securitifleet France Location S.A.S.U.	Rouen	France	FC	99.3%	8.26%
Parcoto Services S.A.S	Rouen	France	FC	100.0%	100.0%
Europ-Hall S.A.S.U.	Besançon	France	FC	100.0%	100.0%
Locaroise SAS	Beauvais	France	FC	100.0%	100.0%
Lor'Rent S.A.S	Luneville	France	FC	100.0%	100.0%
Monaco Auto Location SAM	Monaco	Monaco	FC	100.0%	100.0%
Europcar International S.A.S.U. und Co OHG	Hamburg	Germany	FC	100.0%	100.0%
Europcar Autovermietung GmbH	Hamburg	Germany	FC	100.0%	100.0%

Company name	Local HQ (city)	Country	Consolidation method (1) (FC/EM)	% interest	% control
Securitifleet GmbH	Hamburg	Germany	FC	100.0%	5.41%
InterRent Immobilien GmbH	Hamburg	Germany	FC	100.0%	100.0%
Buchbinder Holding GmBH*	Regensburg	Germany	FC	100.0%	100.0%
Charteline Fuhrpark Service GmbH*	Regensburg	Germany	FC	100.0%	100.0%
Carpartner Nord GmbH*	Regensburg	Germany	FC	100.0%	100.0%
Car & Fly GmbH*	Duisburg	Germany	FC	100.0%	100.0%
Terstappen Autovermietung GmbH*	Duisburg	Germany	FC	100.0%	100.0%
Bayernmobile Gmbh*	Regensburg	Germany	FC	100.0%	100.0%
Klees Slovakia S.R.O*	Bratislava	Slovakia	FC	100.0%	100.0%
ABC Autonoleggio s.r.l.*	Bolzano	Italy	FC	100.0%	100.0%
CarPartner Leasing GmbH*	Wels	Austria	FC	100.0%	100.0%
Megadrive Autovermietung GmbH*	Wien	Austria	FC	100.0%	100.0%
Ratisbona Consuling 2 GmbH*	Regensburg	Germany	FC	100.0%	100.0%
Car2go Europe GmbH	Esslingen	Germany	EM	25.0%	25.0%
Car2Go Deutschland GmbH	Esslingen	Germany	EM	25.0%	25.0%
Car2Go Österreich GmbH	Vienna	Austria	EM	25.0%	25.0%
Car2Go Italia S.r.l.	Milan	Italy	EM	25.0%	25.0%
Car2Go UK Ltd	Birmingham	United Kingdom	EM	25.0%	25.0%
Car2Go Denmark	Copenhagen	Denmark	EM	25.0%	25.0%
Car2Go Sweden	Stockholm	Sweden	EM	25.0%	25.0%
Ogotrac France S.A.S.	Paris	France	EM	25.0%	25.0%
Europcar S.A.	Zaventem	Belgium	FC	100.0%	100.0%
InterRent S.à.r.l	Luxembourg	Luxembourg	FC	100.0%	100.0%
Europcar IB S.A.	Madrid	Spain	FC	100.0%	100.0%
Securitifleet S.L.	Madrid	Spain	FC	100.0%	0.41%
Ultramar Cars S.L.	Palma de Mallorca	Spain	FC	100.0%	100.0%
LC EC Participations Investments S.L.U.**	Madrid	Spain	FC	100.0%	100.0%
Car Rentals TopCo S.L.**	El Prat de Llobregat	Spain	FC	100.0%	100.0%
Car Rentals ParentCo S.A.**	El Prat de Llobregat	Spain	FC	100.0%	100.0%
Car Rentals Subsidiary S.A.U.**	Alicante	Spain	FC	100.0%	100.0%
GoldCar Spain S.L.U.**	Alicante	Spain	FC	100.0%	100.0%
Goldcar FleetCo Spain S.A.**	Alicante	Spain	FC	100.0%	100.0%
Goldcar FleetCo Italy S.r.l.**	Laives	Italy	FC	100.0%	100.0%
Goldcar FleetCo France S.A.R.L**	Vitrolles	France	FC	100.0%	100.0%
Goldcar FleetCo Portugal**	Faro	Portugal	FC	100.0%	100.0%
Goldcar FleetCo Hellas A.E**	Koropi	Greece	FC	100.0%	100.0%
Car Rentals Italy S.r.l.**	Laives	Italy	FC	100.0%	100.0%
Goldcar Italy S.r.l.**	Laives	Italy	FC	100.0%	100.0%
Goldcar France S.A.R.L**	Vitrolles	France	FC	100.0%	100.0%
Goldcar Hellas A.E.**	Koropi	Greece	FC	100.0%	100.0%
Goldcar Rental D.O.O.**	Zagreb	Croatia	FC	100.0%	100.0%
Goldcar Oto Kiralama A.S.**	Istanbul	Turkey	FC	100.0%	100.0%

Company name	Local HQ (city)	Country	Consolidation method (1) (FC/EM)	% interest	% control
Goldcar Ireland Ltd**	Dublin	Ireland	FC	100.0%	100.0%
Goldcar Master S.L.U.**	Alicante	Spain	FC	100.0%	100.0%
Goldcar Fleets Spain S.L.U.**	Alicante	Spain	FC	100.0%	100.0%
Europcar Italia S.p.A.	Bolzano	Italy	FC	100.0%	100.0%
Securitifleet S.p.A.	Bolzano	Italy	FC	99.32%	13.76%
Europcar Lab Italy S.p.A.	Milan	Italy	FC	100.0%	100.0%
Wanderio	Rome	Italy	EM	33.30%	33.30%
Europcar Internacional Aluguer de Automoveis S.A.	Lisbonne	Portugal	FC	100.0%	100.0%
Europcar Services Unipessoal, LDA.	Lisbonne	Portugal	FC	100.0%	100.0%
Europcar United Kingdom Limited	Watford	United Kingdom	FC	100.0%	100.0%
PremierFirst Vehicle Rental EMEA Holdings Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
PremierFirst Vehicle Rental Holdings Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
Provincial Assessors Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
PremierFirst Vehicle Rental Pension Scheme Trustees Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
Europcar Group UK Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
PremierFirst Vehicle Rental Franchising Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
Brunel Group Holdings Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
A & A Prestige Chauffeurs Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
Brunel Carriage Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
Brucar Group Holdings Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
Brunel Corporate Facilities Ltd	Leicester	United Kingdom	FC	100.0%	100.0%
Euroguard	Gibraltar	Gibraltar	FC	100.0%	100.0%
Europcar Holding Property Ltd	Melbourne	Australia	FC	100.0%	100.0%
Europcar Australia Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
G1 Holdings Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
CLA Holdings Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
CLA Trading Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
Eurofleet Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
Delta Cars & Trucks Rentals Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
Eurofleet Sales Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
E Rent a car Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
MVS Holdings (Australia) Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
MVS Trading Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
JSV Trading Pty Ltd	Victoria	Australia	FC	100.0%	100.0%
SMJV Ltd	Christchurch	New Zealand	FC	100.0%	100.0%
BVJV Ltd	Christchurch	New Zealand	FC	100.0%	100.0%
Europcar Inc.	Wilmington, New Castle, Delaware	USA	FC	100.0%	100.0%
Executive Trust Limited	Dublin	Ireland	FC	100%	100%
Irish Car Rentals Limited	Dublin	Ireland	FC	100%	100%
GoCar Carsharing Limited	Dublin	Ireland	FC	100%	100%
Østergaard Biler A/S	Aarhus	Denmark	FC	100%	100%
Nordcar Finance A/S	Silkeborg	Denmark	FC	100%	100%

Company name	Local HQ (city)	Country	Consolidation method [1] (FC/EM)	% interest	% control
2. Information on non-consolidated companies					
Vehitel 2000 France S.A.S.	Suresnes	France	NC	20.0%	20.0%
Vehitel 2000 S.N.C.	Suresnes	France	NC	33.33%	33.33%
PremierFirst Marketing Enterprises Middle East Ltd	Dubai	United Arab Emirates	NC	25.0%	25.0%
EIR Autonoleggio SRL	Rome	Italy	NC	100.0%	100.0%
EC 3 S.A.S.U.	Voisins-le-Bretonneux	France	NC	100.0%	100.0%
SnappCar.	Amsterdam	Pays-Bas	NC	20,4%	20,4%

(1) FC: full integration; EM: equity method; NC: not consolidated.
** Legal entities of Buchbinder Group.*
*** Legal entities of Goldcar Group.*

Consolidated special purpose entities (SPEs)

As part of the securitization program for part of the fleet financing for Germany, France, Italy and Spain, SPEs have been incorporated under the name Securitifleet in each of those countries and are either 100% owned or controlled (over 90%-controlled) by one of the following SPEs: “Securitifleet Holding S.A.” or “Securitifleet Holding Bis S.A.S.” both registered in France. The Group consolidates all Securitifleet entities, the four local Securitifleet companies as well as the two Securitifleet holding companies, which were created with specific purposes defined by Europcar Groupe.

The Group’s operating subsidiaries located in France, Spain, the United Kingdom, Portugal, Belgium, Italy (from January 1, 2008) and Germany (from April 1, 2008) buy local automobile liability insurance policies with Chartis (formerly AIG) entities, which reinsure part of such risks with a reinsurance structure hosted by Euroguard, a protected cell reinsurance company. The Group owns a reinsurance cell (9) within Euroguard, which has been consolidated since January 2006. However, the local Europcar entities fund a significant portion of the risks through a Deductible Funding mechanism which is managed *via* another cell (0) within Euroguard that acts as a fund manager. The funds hosted in this cell are also consolidated.

PremierFirst Vehicle Rental Holdings Limited owns 100% of PremierFirst Vehicle Rental Insurances Guernsey Limited, a captive company based in Guernsey in the Channel Islands. This captive company has two types of business: roadside assistance (RAC) and Personal Accident Insurance (PAI). The profits from the RAC and PAI businesses can mostly be distributed by the captive company under strict rules. 90% of the profits must be distributed within 18 months of the year end.

Since January 2008, PremierFirst Vehicle Rental Limited has participated in the Group insurance scheme described in the first paragraph above.

NOTE 37 GROUP AUDITORS' FEES

The EU legislation to reform the statutory audit market adopted by the EU Directive 2014/56/UE and transposed to the French law under an ordinance dated March 17, 2016, is applicable since June 17, 2016. This new legislation introduced the category of "Non-Audit services" instead of "other diligences and services directly related to the Statutory Auditors' role".

In thousands of euros	Pricewaterhouse Coopers Audit 2017	PWC Network 2017	PWC 2017	Mazars SA 2017	Mazars Network 2017	Mazars 2017	Total 2017
Audit of statutory and consolidated accounts	394	690	1,084	252	476	728	1,812
of which Europcar Groupe	*206*	*-*	*206*	*186*	*-*	*186*	*392*
of which fully consolidated subsidiaries	*188*	*690*	*878*	*66*	*476*	*542*	*1,420*
Non-audit services*	236	558	794	246	27	273	1,067
of which Europcar Groupe	*236*	*-*	*236*	*246*	*18*	*264*	*500*
of which fully consolidated subsidiaries	*-*	*558*	*558*	*-*	*9*	*9*	*567*
TOTAL	**630**	**1,248**	**1,878**	**498**	**503**	**1,001**	**2,879**
of which Europcar Groupe	*442*	*-*	*442*	*432*	*18*	*450*	*892*
of which fully consolidated subsidiaries	*188*	*1,248*	*1,436*	*66*	*485*	*551*	*1,987*

* *Services other than certification of financial statements provided by the auditors related primarily to Europcar Groupe financing transactions.*

In thousands of euros	Pricewaterhouse Coopers Audit 2016	PWC Network 2016	PWC 2016	Mazars SA 2016	Mazars Network 2016	Mazars 2016	Total 2016
Audit of statutory and consolidated accounts	394	414	808	231	413	644	1,452
of which Europcar Groupe	*176*	*-*	*176*	*165*	*-*	*165*	*341*
of which fully consolidated subsidiaries	*218*	*414*	*632*	*66*	*413*	*479*	*1,111*
Non-audit services	166	112	278	150	5	155	433
of which Europcar Groupe	*166*	*-*	*166*	*150*	*-*	*150*	*316*
of which fully consolidated subsidiaries	*-*	*112*	*112*	*-*	*5*	*5*	*117*
TOTAL	**560**	**526**	**1,086**	**381**	**418**	**799**	**1,885**
of which Europcar Groupe	*342*	*-*	*342*	*315*	*-*	*315*	*657*
of which fully consolidated subsidiaries	*218*	*526*	*744*	*66*	*418*	*484*	*1,228*

In 2016, the "non-audit services" are comprised of 311 thousand of euros that would have been considered as "Diligence and services directly related to the Statutory Auditors' role" before the application of the EU statutory audit legislation.

NOTE 38 SUBSEQUENT EVENTS

On February 28, 2018, Europcar Groupe signed an agreement with Daimler AG on the sale of its 25% stake in Car2go Europe GmbH to Daimler Mobility Services GmbH for an amount of €70 million. The completion of the transaction requires the approval of the competent antitrust authorities and the parties expect to receive these approvals and close the transaction before the end of the second quarter of 2018.

To management's knowledge, there are no other subsequent events to the closing that might have a material impact on the earnings, assets, business or overall financial position of the Group.

Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(For the year ended December 31, 2017)

To the Shareholders,

Europcar Groupe
2 rue René-Caudron
Bâtiment OP
78 960 Voisins-le-Bretonneux

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Europcar Groupe for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of regulation (EU) No. 537/2014 or in the French Code of ethics *(Code de déontologie)* for Statutory Auditors.

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Goodwill and Europcar trademark

Identified risk	Audit approach
Goodwill and Europcar trademark (indefinite – useful life) are recorded in the consolidated balance sheet for a net carrying amount of respectively €1,139 million and €699 million as of December 31, 2017, i.e. 30% of total assets. Annual impairment test and/or specific test in the event of an indication of a loss in value are performed on Goodwill and Europcar trademark. Their recoverable amount is determined based on the discounted future cash flow method performed for each Cash-Generating Units (CGU) defined by the management or another more appropriate method for the goodwill (Note 15) and on the relief-from-royalty method for the trademark (Note 16.a). An impairment loss is recognized in the balance sheet when their net carrying amount exceeds their recoverable amount. Considering goodwill and Europcar trademark are significant, the high degree of estimation and judgment to allocate assets to CGUs and build models used, and their sensitivity to changes in the data and assumptions underlying the estimates, particularly cash flow forecasts and discount rates used, we considered the recoverable amounts of the goodwill and trademark to be a key audit matter.	Our procedures mainly consisted of: ■ understanding the process to prepare the three-year business plans used by the management to determine the recoverable amounts of each CGU; ■ comparing the main assumptions made by the management with business performance over the past years and assessing variances between previous years forecast and actual figures; ■ assessing the principles and methods to determine recoverable amounts of CGUs and trademark; ■ challenging and corroborating, notably through interviews with management, the reasonableness of the main data and assumptions underlying the estimates such as future cash flow forecasts, long term growth rate, royalty rates and discount rates. ■ testing the arithmetical accuracy of the valuations used by the management on a sample basis; ■ performing our own sensitivity analyses. We assessed, with the support of our valuation experts: ■ the discount rates (WACC) used to determine the discounted cash flows; ■ the royalty rates; ■ the long term growth rate used to determine the terminal value. We also assessed the appropriateness of the disclosures in Notes 2.7, 2.8, 15 and 16 to the consolidated financial statements, including a sensitivity analysis.

Accounting treatment of Buchbinder and Goldcar acquisitions

Identified risk	Audit approach
The acquisitions by Europcar of Buchbinder on September 20, 2017 for a purchasing price of €124.8 m and of Goldcar on December 19, 2017 for a purchasing price of €562.2 m are significant events of the 2017 period. As detailed in Note 3 to the consolidated financial statements the Group consolidated the purchased entities as of the acquisition dates. Regarding Buchbinder, a preliminary purchase price allocation was conducted with €38.6 m trademarks recognized as of December 31, 2017. A preliminary €70.5 m goodwill was recognized at 2017 year-end. Regarding Goldcar the purchase price allocation will be performed in 2018 and a preliminary goodwill of €505.3 m was recognized as of December 31, 2017. We considered the accounting treatment of these operations to be a key audit matter given the significant amount of purchased assets and liabilities, and of management judgment to determine the intangible assets fair value.	We examined the purchase consideration calculation with the share purchase agreements for both acquisitions. The consolidated opening balance sheets of Buchbinder as of September 1, 2017 and Goldcar as of December 31, 2017 were subject to audit procedures covering their main subsidiaries. We also assessed the accuracy and completeness of the adjustments made to align their respective accounting policies with those of Europcar. As concerns the fair value of Buchbinder trademarks, we challenged with our valuation experts the methodologies and the main assumptions used by the external valuation firms, including business plans, discount and royalties rates. We examined the accounting treatment of the related financing programs. We verified the appropriateness and accuracy of the related disclosures in the consolidated financial statements.

Investigations of the Trading Standards Services in the United-Kingdom

Identified risk	Audit approach
As described in Note 35 of the consolidated financial statements, in the United Kingdom the Group is engaged in proceedings with Leicester City Council Trading Standards Services, in relation to allegations that Europcar UK levied charges for vehicle repairs without the consent of the holder; and/or charges in excess of the cost of the repairs in breach of Regulation 9 of the Consumer Protection from Unfair Trading Regulations 2008. A provision of €43 million has been booked as of December 31, 2017. We focused on this area as the eventual outcome of proceedings is uncertain and the position taken by the management is based on the application of material judgment and estimation. Accordingly, unexpected adverse outcome could significantly impact the Group consolidated financial statements.	We discussed the status of these proceedings with Europcar management, the in-house legal counsel and the external legal counsel of the Company. We obtained and tested evidence to support the decisions and rationale for provision held, including written confirmations from external legal counsel and inquiry with other external consultants involved in the financial risk assessment. We examined management's assumptions to ensure their consistency with the documentation obtained from the external legal counsel. We verified the appropriateness of the related disclosures in the consolidated financial statements.

Verification of the information pertaining to the Group presented in the management report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Europcar Groupe by statutes of incorporation dated as of March 9, 2006 for PricewaterhouseCoopers Audit and by the Annual General Meeting held on May 16, 2013 for Mazars SA.

As at December 31, 2017, PricewaterhouseCooper Audit was in the 12th year of total uninterrupted engagement and Mazars SA was in the 5th year, which are the 3rd year since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, February 28, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	MAZARS
François Jaumain	Isabelle Massa

3.5 ANALYSIS OF THE RESULTS OF EUROPCAR GROUPE S.A.

Please read the following information on the Company's results and financial position in conjunction with the Company's financial statements for the year ended December 31, 2017, as they appear in Section 3.6 of this Registration Document.

3.5.1 Revenue of the Company

Europcar Groupe reported revenue of €6,359 thousand in 2017, an increase of 72.7% compared with €3,682 thousand for the year ended December 31, 2016. The revenue can be analyzed as follows:

REVENUE *(in thousands of euros)*	**12/31/2017**	**12/31/2016**
▪ Management fees in respect of services to subsidiaries (ECI)	4,718	2,303
▪ Franchisee fees on long-term trademark	1,641	1,379
TOTAL	**6,359**	**3,682**

3.5.2 Operating results of the Company

The Company reported an operating loss of €6,912 thousand in 2017, compared with a loss of €12,650 thousand for the previous fiscal year. The improvement in operating profit is primarily due to the increase in management fees invoiced, and in fees re-invoiced.

3.5.3 Net financing costs

The Company's net financing costs for 2017 amounted to €42,893 thousand, compared with a loss of €25,518 thousand as of December 31, 2016, a negative change of €17,375 thousand. The deterioration in net financing costs is primarily due to:

- the increase in interest service on its bond debt for fiscal year 2017 amounting to €7.2 million;
- the €6.6 million costs incurred by the Company in 2017 to set up financing in line with its external growth strategy;
- the €1.1 million increase in 2017 in the amortization of deferred financing costs;
- a €2.5 million decline in its net financial costs along with that of other consolidated companies.

3.5.4 Other information presented in the Company's separate financial statements for 2017

The Company recorded a pre-tax loss at December 31, 2017 of €49,805 thousand, compared with a loss of €38,168 thousand in the previous year, a decrease of €11,637 thousand.

Non-recurring revenue amounted to a loss of €(28) thousand at December 31, 2017, compared with a profit of €6,442 thousand the previous year.

Income tax income totaled €20,926 thousand for the year ended December 31, 2017, compared with €16,078 thousand at December 31, 2016.

Taking into account these items, the Company posted a net loss of €(28,907) thousand for the year ended December 31, 2017, compared with a loss of €(15,648) thousand for 2016.

At December 31, 2017, the Company's statement of financial position totaled €2,128,013 thousand, compared with €1,447,166 thousand at December 31, 2016.

The Company had 14 salaried employees at December 31, 2017.

3.5.5 Proposed allocation of the result

The Combined General Meeting of May 17, 2018 will be asked to cover the loss of €(28,907) thousand for the year ended December 31, 2017 by deducting the full amount from additional paid-in capital, the balance of which would therefore be reduced from €745,748 thousand to €716,841 thousand.

3.5.6 Dividends paid for the last three years

A special distribution deducted from Share Premium was paid out on May 31, 2017 totaling €59,366 thousand.

3.5.7 Table of results for the last five years (Article R. 225-102 of the French Commercial Code)

	Fiscal year ended 31/12/2013	**Fiscal year ended 31/12/2014**	**Fiscal year ended 31/12/2015**	**Fiscal year ended 31/12/2016**	**Fiscal year ended 31/12/2017**
Duration of the fiscal year	**12**	**12**	**12**	**12**	**12**
Share capital at the end of the fiscal year					
Share capital (at the end of the fiscal year)	446,383,194	446,383,194	143,154,017	143,409,299	161,030,883
Number of ordinary shares	103,810,045	103,810,045	143,154,017	143,409,299	161,030,883
Operations and results					
Revenue excluding taxes	4,975,918	4,041,733	4,542,518	3,682,317	6,358,765
Pre-tax income, before employee profit sharing and depreciation and amortization	(77,942,907)	(92,990,176)	(127,161,398)	(29,931,556)	(5,137,222)
Income taxes	17,533,484	11,409,147	16,310,028	16,077,921	20,569,456
Net profit/(loss) for the period	(60,018,663)	(104,638,529)	(119,632,847)	(15,648,351)	(29,264,226)
Net profit/(loss) distributed	0	0	0	0	0
Profit (Loss) per share					
Post-tax income, after employee profit sharing and before depreciation and amortization	(0.58)	(0.79)	(0.77)	(0.0)	(0.16)
Net profit/(loss) for the period	(0.58)	(1.01)	(0.84)	(0.11)	(0.18)
Dividend distributed	0	0	0	0	0
Personnel					
Average workforce	12	10	9	12	12
Payroll	4,529,371	3,740,470	10,114,172	5,628,280	3,652,338
Amounts paid in benefits (social security, other staff benefits, etc.)	1,751,808	1,418,461	3,180,188	2,217,940	976,988

3.6 SEPARATE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017 AND STATUTORY AUDITORS' REPORT

General Information

Statement of financial position

ASSETS

In thousands of euros	Notes	Year ended 12/31/2017 Gross carrying amount	Depreciation and amortization Prov.	Net	Year ended 12/31/2016 Net
Trademarks		28,500	-	28,500	28,500
Intangible assets		**28,500**	**-**	**28,500**	**28,500**
Securities		1,426,205	-	1,426,205	1,241,205
Loans	12	144,544	-	144,544	144,544
Other financial assets	12	10	-	10	105
Financial assets		**1,570,759**	**-**	**1,570,759**	**1,385,854**
NON-CURRENT ASSETS	**11**	**1,599,259**	**-**	**1,599,259**	**1,414,354**
Advance payments on orders		322	-	322	34
Trade and other receivables	12	15,717	-	15,717	7,625
Other receivables	12	478,291	-	478,291	8,615
Marketable securities		7,025	-	7,025	5,063
Cash-in-hand and at bank		536	-	536	5
Prepaid and deferred charges		62	-	62	-
Deferred note issuance costs	16	29,672	(5,022)	24,650	8,836
Bond redemption premiums		3,116	(965)	2,151	2,634
CURRENT ASSETS		**534,741**	**(5,987)**	**528,754**	**32,812**
Foreign exchange differences – assets		-		-	-
TOTAL ASSETS		**2,134,000**	**(5,987)**	**2,128,013**	**1,447,166**

LIABILITIES

In thousands of euros	Notes	Year ended 12/31/2017	Year ended 12/31/2016
Share capital		161,031	143,409
Share, merger, contribution premiums		745,748	647,514
Legal reserve		-	-
Retained earnings (losses)		-	-
Net profit(loss) for the period		(28,907)	(15,648)
Regulated provisions		23,793	23,793
Shareholders' equity	**19**	**901,665**	**799,068**
Provisions for risks	20	-	-
Provisions for expenses		-	-
Provisions		**-**	**-**
Other non-convertible notes	13	1,209,673	606,555
Borrowings from credit institutions		3	3
Financial liabilities		**1,209,676**	**606,558**
Trade and other payables	13	11,435	6,816
Tax and social security liabilities	13	1,998	3,758
Other debt	13	3,239	30,966
Deferred income		-	-
Operating liabilities		**16,672**	**41,540**
LIABILITIES		1,226,348	648,098
Foreign exchange differences – liabilities		-	-
TOTAL LIABILITIES AND EQUITY		**2,128,013**	**1,447,166**

Income statement

In thousands of euros	Notes	Year ended 12/31/2017	Yes ended 12/31/2016
Sales of services	3	6,359	3,682
Reversals of provisions, amortization and transfers of expenses		-	-
Other revenue	4	6,213	672
TOTAL OPERATING REVENUE		**12,572**	**4,354**
Other purchases and external expenses	5	(13,945)	(8,456)
Taxes, levies and similar payments		(160)	148
Wages and salaries		(3,652)	(5,628)
Social security contributions		(977)	(2,218)
Other expenses		(750)	(850)
TOTAL OPERATING EXPENSES		**(19,484)**	**(17,004)**
OPERATING INCOME		**(6,912)**	**(12,650)**
Other interest & similar income, other marketable securities, and receivables from non-current assets		8,507	12,224
Foreign exchange gains		4	6
Net revenue from marketable securities		124	284
Financial revenue	**7**	**8,635**	**12,514**
Interest and similar expense		(48,604)	(36,235)
Depreciation, amortization, impairment and provisions		(2,843)	(1,795)
Foreign exchange losses		(2)	(2)
Net expense on disposal of marketable securities		(79)	-
Financial expense	**7**	**(51,528)**	**(38,032)**
NET FINANCING COSTS		**(42,893)**	**(25,518)**
RECURRING PROFIT(LOSS) BEFORE TAX		**(49,805)**	**(38,168)**
Non-recurring revenue from management transactions		100	6,442
Non-recurring revenue from capital transactions		-	-
Reversals of provisions, impairment and transfers of expenses		-	-
Non-recurring revenue	**8**	**100**	**6,442**
Non-recurring expenses on management transactions		(128)	-
Non-recurring expenses on capital transactions		-	-
Depreciation, amortization, impairment and provisions		-	-
Non-recurring expenses	8	(128)	-
NON-RECURRING INCOME (EXPENSES)		**(28)**	**6,442**
Income taxes	9	20,926	16,078
NET PROFIT (LOSS)		**(28,907)**	**(15,648)**

Notes to the separate financial statements

CONTENTS

NOTE 1 SIGNIFICANT EVENTS

1.1 Overview and description of the activity performed by the Company

Europcar Groupe S.A. ("ECG") was incorporated on March 9, 2006 with initial share capital of €235,000 and was converted into a French joint stock company (*société anonyme*) on April 25, 2006. ECG's headquarters are located at 2 rue René Caudron, 78960 Voisins le Bretonneux, France.

ECG is the ultimate parent company of Europcar (the "Group").

The Group is a major player in the mobility sector and the Europcar Groupe company is listed on Euronext Paris. The Group offers a wide range of mobility solutions to meet the various mobility requirements of its customers. The Group operates through a series of trademarks, the main ones being Europcar®, Goldcar®, InterRent®, Buchbinder®, and Ubeeqo®. The Group operates worldwide through its vast network spread over 133 countries (16 direct subsidiaries in Europe, 2 in Australia and New Zealand, as well as through franchises and partnerships).

The Company's fiscal year begins on January 1 and ends on December 31 each year.

At December 31, 2017, 30.40% of Europcar Groupe's capital was held by Eurazeo, and 69.60% by private and public investors.

1.2 Significant events during the year

On February 27, 2017, the French Competition Authority (ADLC) rendered a dismissed case decision upon a proceeding in the vehicule rental sector, considering that the alleged practices covered by the investigation services were not established. This decision may be subject to an appeal before Paris Court of Appeals. On April 17, 2017, the Group was notified that the Ministry of the Economy and Finance had decided not to appeal this decision.

1.3 Subsequent events

None

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The annual accounts of Europcar Groupe are prepared in accordance with French generally accepted accounting principles for separate financial statements, pursuant to the French General Accounting Plan (ANC Regulation 2016-07 of November 4, 2016 relating to the General Accounting Plan).

The accounting policies used in the preparation of the financial statements for the year ended December 31, 2017 are identical to those used for the year ended December 31, 2016.

They were prepared in accordance with the historical cost convention.

The figures in the Notes are in thousands of euros, unless otherwise stated.

2.1 Intangible assets

This item is comprised of the Europcar trademark for the "long-term" car rental activity (over one year), as well as the InterRent trademark for the low cost business segment.

2.2 Measurement of non-amortized non-current assets

At each balance sheet date, Europcar Groupe conducts an impairment test to ensure that the fair value of the trademarks at this date is higher than their net book value.

Impairment is recorded when the net book value exceeds the greater of its fair value amount or its value in use.

2.3 Financial assets

Securities and related advances

Securities are recorded at their purchase price, including costs directly attributable to their acquisition.

Impairment tests on securities are carried out on the basis of the value in use of the investment shares. Value in use is determined using discounted future cash flows based on business plans established by the management of each investment and approved by Europcar's management ("discounted cash flow method").

For impairment test purposes, the three-year plan is extended to five years. The 2017 budget and the 2018 and 2019 business plans were prepared taking into account economic growth forecasts in the countries where the Group operates, current macroeconomic data for each country, air traffic growth forecasts, trends in the vehicle rental market and competitive pressure, as well as new projects and products in the development phase. Beyond 2019, revenue growth assumptions are conservative, and the projected profit margin is stable.

If this value in use is lower than the net book value of the investment shares, impairment is recognized.

Securities are recognized at their acquisition price of €1,426,205 thousand. They consist of securities held in Europcar International S.A.S.U. for €1,241,195 thousand, including incidental acquisition costs of €23,793 thousand, amortized on a straight-line basis over five years (fully amortized at December 31, 2017), and other securities held in Europcar Participations for €185,010 thousand.

2.4 Receivables and payables

Receivables and payables are stated at their nominal value. Impairment is recognized when a risk of non-recovery exists.

Unrealized foreign exchange gains are recorded as translation gains, whereas unrealized foreign exchange losses are recorded as translation losses and are subject to a provision for risks and expenses.

Foreign exchange gains and losses corresponding to current accounts are recognized directly in the income statement without any translation adjustments.

2.5 Liquidity contract and treasury shares

Marketable securities are exclusively composed of Europcar Groupe shares purchased under the terms of two contracts:

- as of July 24, 2015 and for a period of one year renewable by tacit agreement, the Company has appointed Rothschild & Cie Banque, an investment service provider, to implement a liquidity contract on the Europcar share. This is in accordance with Article L. 225-209 of the French Commercial Code, as amended by Article 15 of Law 2012-387 of March 22, 2012 (see Note 15), and in compliance with the Charter of Ethics established by AMAFI, also approved by decision of the AMF on March 21, 2011. For the implementation of this contract, resources of up to €7 million may be allocated to the liquidity account;
- on July 26, 2016, ECG instructed Rothschild & Cie Banque to buy investment shares in the context of its share buyback program.

All these shares are measured at acquisition cost. If their probable market value at the balance sheet date is below their acquisition cost, impairment is recognized.

2.6 Provisions

A provision is recorded in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources with no counterpart will be required to settle the obligation, and that the amount can be reliably estimated.

If the effect is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.7 Borrowings and bond issuance costs

Borrowings are recorded at their nominal repayment amount. They are not discounted.

For bonds issued above par and redeemable at the nominal amount, the difference is a share premium.

For bonds issued below par and redeemable at a higher amount, the difference is a redemption premium.

The redemption premium is recorded in the statement of financial position as "deferred expenses," and is amortized over the term of the borrowing.

The share premium is recorded in the statement of financial position as "Other non-convertible bonds" and is amortized over the term of the borrowing.

2.8 Retirement and post-employment benefits

Europcar Groupe gives Company employees retirement bonuses and pensions provided through defined-contribution or defined-benefit plans.

Europcar Groupe has opted not to record its employee benefit obligations. The Company's obligations are valued by independent actuaries and are reported in the notes (see Note 21).

2.9 Capital increase expenses

Europcar Groupe has opted to charge the expenses related to the capital increase against the share premium.

NOTES TO THE INCOME STATEMENT

NOTE 3 BREAKDOWN OF REVENUE

Europcar Groupe's revenue excludes amounts derived from the rebilling of subsidiaries (see Note 4), and can be analyzed as follows:

In thousands of euros	Amounts at 12/31/2017			Amounts at 12/31/2016
	France	Excluding France	Total	Total
Provision of services to subsidiaries	2,883	1,835	4,718	2,303
Franchise revenue	1,641	-	1,641	1,379
TOTAL	**4,524**	**1,835**	**6,359**	**3,682**

NOTE 4 OTHER REVENUE

Other revenue consists primarily of:

In thousands of euros	Amounts at 12/31/2017	Amounts at 12/31/2016
Rebilling of fees [(1)]	5,790	299
Rebilling of insurance	423	373
Miscellaneous	-	-
TOTAL	**6,213**	**672**

(1) See Note 5.

NOTE 5 OTHER PURCHASES AND EXTERNAL EXPENSES

Other purchases and external expenses rose from €5.5 million to €14 million as of December 31, 2017.

In 2017, external expenses included €5.8 million in fees, expenditure by Europcar Participations (ECP) to acquire various companies. Reinvoicing of these fees to ECP is planned and is recorded as unbilled revenue (transfers of expenses).

NOTE 6 EXECUTIVE COMPENSATION

Members of the Management Board received the following compensation in 2017 and 2016:

In thousands of euros	At 12/31/2017	At 12/31/2016
Employee salaries and short-term benefits	2,170	5,144 (1)
Post-employment benefits	-	-
Termination indemnities	-	1,100
TOTAL	**2,170**	**6,244**

(1) Includes the portion for Management Board members for the multi-year compensation plan paid in 2015.

In 2017, Europcar Groupe made payments of €1,281 thousand to members of the Supervisory Board for directors' fees and other compensation (as opposed to payments of €506 thousand the previous year).

NOTE 7 NET FINANCING COSTS

Net financing costs amounted to €(42,893) thousand, comprising:

In thousands of euros	Amounts at 12/31/2017	Amounts at 12/31/2016
Other interest & similar revenue, and receivables from non-current assets.	8,507	12,224
Net revenue from disposal of marketable securities	124	284
Other	4	6
Financial revenue	**8,635**	**12,514**
Interest on notes	(38,556)	(31,385)
Interest on the revolving credit facility	(2,923)	(2,755)
Interest on intra-group debt	(371)	(2,095)
Amortization of transaction costs	(2,843)	(1,795)
Other	(6,835)	(2)
Financial expense	**(51,528)**	**(38,032)**
NET FINANCING COSTS	**(42,893)**	**(25,518)**

€600 million senior notes due 2022

On May 27, 2015 senior notes of €475 million maturing in 2022 were issued at an issue price of 99.289% of the nominal value. These notes bear interest at 5.75%. On June 29, 2015 a portion of the bond proceeds were directly transferred to an escrow account dedicated to the redemption of the unsecured senior subordinated notes maturing in 2018 and bearing interest at 9.375% of €400 million. The remaining proceed was transferred to Europcar Groupe.

On June 29, 2015 a portion of the IPO proceeds was directly transferred to an escrow account dedicated to the redemption of the €324 million of Outstanding Subordinated Notes Due 2017 and bearing interest at 11.50%. The remaining proceed was transferred to Europcar Groupe.

On June 2, 2016, the Group issued new senior notes for a total of €125 million priced at 4.5140% of yield to worst, or 4.8790% of yield to maturity. These notes have been ranked with existing senior notes issued in June 2015 which offer a fixed interest rate of 5.750% and mature in 2022 for a total nominal amount of €475 million, thus raising the total to €600 million. As priced below the fixed interest rate of 5.750%, the proceeds from the issue exceeded €125 million and totaled €131 million.

Signing of a €1,040 million bridge facility

On July 13, 2017, the Group also signed a €1,040 million Bridge Facility with a pool of international banks dedicated to the acquisition of Goldcar, the refinancing of its existing debts and the financing of its fleet. This facility included two tranches:

- a €440 million tranche with a 12-month maturity (which can be extended for an additional 6-month period) dedicated to the acquisition of Goldcar;
- a €600 million tranche with a 12-month maturity (which can be extended for two additional 6-month period) dedicated to the refinancing of Goldcar existing debt and the financing of its fleet of vehicles.

The Group canceled the first tranche of this Bridge Facility at the closing of the acquisition of Goldcar on December 19, 2017, thanks to the proceeds of the new €600 million corporate bond issue made by the Group in November 2017 (refer below to "*Issuance of €600 million senior notes and €350 million senior secured notes*").

€350 million senior secured notes due 2022

On November 2, 2017, the Group refinanced by anticipation the €350 million 5.125% senior secured notes dedicated to the fleet financing in France, Italy, Germany and Spain by issuing new €350 million senior secured notes. These new notes will mature in November 2022 and bear interest at a fixed interest rate of 2.375% vs 5.125%, which represents a significant fleet financing cost reduction compared to the previous notes. These notes were issued by EC Finance Plc, an SPE, and were guaranteed by Europcar International S.A.S.U. and Europcar Groupe (the "EC Finance Notes"). This early refinancing generated a redemption premium of €8.9 million.

€600 million senior notes due 2024

On November 2, 2017, the Group issued new senior notes maturing in November 2024 for a total amount of €600 million, to finance the acquisition of Buchbinder and Goldcar. These notes, which offer a fixed interest rate of 4.125%, were issued by Europcar Drive DAC, an SPE. On the issue date, a portion of the bond proceeds (€400 million) were directly transferred to an escrow account dedicated to the acquisition of Goldcar, pending the closing of the acquisition. The remaining net proceeds were transferred to Europcar Groupe. Concurrently to the completion of its acquisition, which occurred on December 19, 2017, the proceeds were released from the escrow account for the financing of the Goldcar acquisition. At this date, Europcar Drive DAC was fully discharged of its obligations under the senior notes 2024 maturity, which have been transferred to Europcar Groupe.

NOTE 8 NON-RECURRING INCOME (EXPENSES)

Non-recurring income/(expenses) is primarily composed of:

In thousands of euros	Amounts at 12/31/2017	Amounts at 12/31/2016
Repayment of VW liability guarantee (1)	-	6,028
Other non-recurring revenue (2)	100	414
Non-recurring revenue	**100**	**6,442**
Other non-recurring expenses	(128)	-
Non-recurring expenses	**(128)**	**-**
NON-RECURRING INCOME (EXPENSES)	**(28)**	**6,442**

(1) In 2016, the Company re-invoiced to Volkswagen an amount of €6,028 million, corresponding to litigation indemnities in the context of the liability guarantee (see Note 21).
(2) In 2016, the surplus on reversals of expenses payable for exceptional compensation relating to the 2015 Initial Public Offering total €0.4 million.

NOTE 9 CORPORATE INCOME TAX: BREAKDOWN AND TAX LIABILITIES

Breakdown *In thousands of euros*	Profit(loss) before tax at 12/31/2017	Current tax	Net profit/(loss) at 12/31/2017	Net profit/(loss) at 12/31/2016
Recurring profit/(loss)	(49,805)	20,926	(28,878)	(22,090)
Non-recurring profit/(loss)	(28)	-	(28)	6,442
TOTAL	**(49,833)**	**20,926**	**(28,907)**	**(15,648)**

There was no Organic provision for 2017.

As ECG had tax losses in the amount of €763 million as of 12/31/2017, there would have been no tax to record if the Company had been taxed separately.

NOTE 10 TAX GROUP

Europcar Groupe is the parent company of the French tax group comprising Europcar International S.A.S.U., Europcar Lab, Europcar Holding, Europcar Participations, Europcar France, Parcoto, Europ Hall, EC3, EC4, and Locaroise. Europcar Groupe is the only entity liable for tax for the entire consolidated tax group.

Each consolidated company is placed in the position it would have been in as regards tax if it had been taxed separately. Tax income and expense on consolidated companies are recognized in the financial statements of Europcar Groupe.

Europcar Groupe, as parent company, recognizes the gain resulting from the effects of the tax group in its financial statements. Accordingly, Europcar Groupe recognized tax group income of €20,926 thousand in 2017.

Tax loss carry forwards for the scope of the tax group amounted to €555 million at December 31, 2017.

Revenue resulting from the effects of the tax group amounts to €20,926 thousand.

Europcar Groupe, as parent company, is liable to pay the corporate income tax for a zero amount at December 31, 2017.

The CICE tax credit for Group companies can be used to pay the full amount of corporate income tax.

Notes to the statement of financial position

NOTE 11 STATEMENT OF FIXED ASSETS

In thousands of euros	Amounts at 12/31/2016	Increases during the period	Reductions during the period	Amounts at 12/31/2017
Trademarks [1]	28,500	-	-	28,500
TOTAL INTANGIBLE ASSETS	**28,500**	**-**	**-**	**28,500**
Securities [2]	1,241,205	185,000	-	1,426,205
Loans and other financial assets	144,649	419	(514)	144,554
TOTAL FINANCIAL ASSETS	**1,385,854**	**185,419**	**(514)**	**1,570,759**

(1) Intangible assets consist of the Europcar trademark for the "long-term" vehicle rental business (more than one year) for €25,000 thousand and the InterRent trademark for €3,500 thousand.

(2) Securities correspond to the subsidiary Europcar International S.A.S.U., wholly owned by Europcar Groupe, for €1,241,195 thousand, and the wholly owned subsidiary Europcar Participations for €185,010 thousand, following a capital increase of €185,000 thousand in 2017.

The investment shares of the subsidiary Europcar International S.A.S.U. include incidental acquisition expenses (€23,793 thousand). They were the subject of straight-line amortization over five years and had been fully amortized as of December 31, 2017.

Since these assets have an indefinite life, they are not amortized.

No impairment was recorded on non-current assets.

NOTE 12 AMOUNTS AND MATURITIES OF RECEIVABLES

Receivables *In thousands of euros*	**Amounts Net at 12/31/2017**	**<1 year**	**From 1 to 5 years**	**> 5 years**
Loans	144,544	414	-	144,130
Other financial assets	10	-	10	-
Trade and other receivables	15,717	15,717	-	-
Tax and social security receivables	16,725	16,725	-	-
Associates	461,566	461,566	-	-
Deferred note issuance costs	24,650	6,217	16,476	1,957
TOTAL	**663,212**	**500,639**	**16,486**	**146,087**

Aged analysis of receivables *In thousands of euros*	**Amounts at 12/31/2017**	**Amounts at 12/31/2016**
Not due	-	380
Overdue by < 30 days	369	398
Overdue by > 30 days and < 6 months	-	226
Overdue by > 6 months and < 1 year	-	4,267
Overdue by > 1 year	5,166	55
TOTAL	**5,535**	**5,326**

NOTE 13 AMOUNTS AND MATURITIES OF PAYABLES

Operating liabilities

Liabilities *In thousands of euros*	**Amounts Gross at 12/31/2017**	**<1 year**	**> 1 year**
Trade and other payables	11,435	11,435	-
Tax and social security liabilities	1,998	1,998	-
Other debt	3,239	3,239	-
Deferred income	-	-	-
TOTAL	**16,672**	**16,672**	**-**

Aged analysis of trade payables at 12/31/2017 *In thousands of euros*			**Due**			
	Not due	**Due**	**< 45 days**	**46 ≥ 60 days**	**> 60 days**	**Total**
Suppliers within the Group	43	1	-	-	1	44
Suppliers outside the Group	791	145	136	-	9	936
TOTAL	**834**	**146**	**136**	**-**	**10**	**980**

Aged analysis of trade payables at 12/31/2016 *In thousands of euros*	**Not due**	**Due**	**Due**			**Total**
			< 45 days	**46 ≥ 60 days**	**> 60 days**	
Suppliers within the Group	573	-	-	-	-	573
Suppliers outside the Group	98	209	177	-	32	307
TOTAL	**671**	**209**	**177**	**-**	**32**	**880**

Financial liabilities

Aged analysis of financial liabilities *In thousands of euros*	**Amounts Gross at 12/31/2017**	**≤1 year**	**≥ 1 year**
Other non-convertible notes	1,200,000	-	1,200,000
Share premium	4,180	938	3,242
Accrued interest not due	5,494	5,494	-
Borrowings from credit institutions	3	3	-
TOTAL	**1,209,677**	**6,435**	**1,203,242**

Aged analysis of financial liabilities *In thousands of euros*	**Amounts Gross at 12/31/2016**	**≤1 year**	**≥ 1 year**
Other non-convertible notes	600,000	-	600,000
Share premium	5,117	938	4,179
Accrued interest not due	1,438	1,438	-
Borrowings from credit institutions	3	3	-
TOTAL	**606,558**	**2,379**	**604,179**

NOTE 14 INFORMATION ON RELATED COMPANIES

The information on related companies corresponds to transactions with subsidiaries included in the scope of consolidation as of December 31, 2017, of which Europcar Groupe is the parent company.

Gross values *In thousands of euros*	**Amounts at 12/31/2017**	**Amounts at 12/31/2016**
ASSETS		
Investments	1,426,205	1,241,205
Loans	144,536	144,649
Trade and other receivables	15,292	7,249
Other receivables	461,569	-
LIABILITIES		
Trade and other payables	2,922	3,273
Other debt	3,239	30,966
INCOME STATEMENT		
Operating revenue	12,572	2,975
Operating expenses	498	491
Financial expense	371	2,095
Financial revenue	8,507	12,224
Tax consolidation benefit	20,926	16,078

Joint sale of shares by Eurazeo and ECIP Europcar Sarl

On October 3, 2017, Eurazeo and ECIP Europcar Sarl announced the sale of 16,103,088 ordinary shares of Europcar Groupe representing 10.00% of its capital and 10.04% of its voting rights. The sale comprises 14,084,332 shares in Europcar (8.75% of its capital and 8.78% of its voting rights) sold by Eurazeo, and 2,018,756 shares in Europcar (1.25% of its capital and 1.26% of its voting rights) sold by ECIP Europcar Sarl. On October 5, 2017, upon the completion of this transaction, Eurazeo and ECIP respectively held 30.40% and 4.36% of the capital of Europcar and 30.54% and 4.38% of its voting rights.

NOTE 15 MARKETABLE SECURITIES

The number of treasury shares held breaks down as follows:

In number of shares	**12/31/ 2016**	**Increase**	**Reduction**	**12/31/2017**
Amafi liquidity agreement	13,500	1,876,389	(1,755,139)	134,750
Rothschild agreement	626,840	73,160	-	700,000
TOTAL	**640,340**	**1,949,549**	**(1,755,139)**	**834,750**

The value of the treasury shares included in marketable securities was €7,024,749 as of December 31, 2017.

NOTE 16 DEFERRED EXPENSES AND PREMIUMS ON EARLY REDEMPTION OF BONDS

As of December 31, 2017, "Deferred note issuance costs" and "Premium on early redemption of bonds" totaling €26,801 thousand included:

- refinancing costs incurred at the issue of High Yield Notes maturing in 2022 in the amount of €475 million, issued in 2015 for a net amount of €4.7 million;
- the resulting redemption premium at the time of this same issue for a net amount of €2.15 million;
- costs related to the renegotiation of the €350 million Revolving Credit Facility maturing in five years and commencing in May 2015, in the amount of €0.7 million;
- refinancing costs incurred on the issue of new Senior Notes maturing in 2022 in the amount of €125 million, issued in June 2016 for a net amount of €1.7 million;
- refinancing costs incurred at the issue of High Yield Notes maturing in 2024 in the amount of €600 million, issued in November 2017 for a net amount of €7.2 million;
- €1,040 thousand cost of servicing the unsecured €5.7 million bridge loan signed in July 2017;
- expenses resulting from the renegotiation in November 2017 of the €350 million Revolving Credit Facility maturing in 2022, in the amount of €4.7 million.

These expenses are amortized over the term of the borrowings.

NOTE 17 ACCRUED EXPENSES

In thousands of euros	Amounts at 12/31/2017	Amounts at 12/31/2016
LIABILITIES		
Interest accrued on bonds and other borrowings	5,494	1,438
LOANS AND BORROWINGS	**5,494**	**1,438**
Non-corporate suppliers	7,577	3,236
Corporate suppliers	2,878	2,700
Trade and other payables	**10,455**	**5,936**
Provisions for wages	306	1,579
Provisions – Other personnel expenses	-	10
Provisions on accrued social security charges	547	572
Withholding tax on wages	- 643	-
Other taxes payable	-	99
Other accrued expenses	-	-
TAX AND SOCIAL SECURITY LIABILITIES	**1,496**	**2,260**
TOTAL ACCRUED EXPENSES	**17,445**	**9,634**

NOTE 18 ACCRUED INCOME

In thousands of euros	Amounts at 12/31/2017	Amounts at 12/31/2016
ASSETS		
Accrued interest – Loans	414	414
FINANCIAL ASSETS	**414**	**414**
Interco – Corporate	9,758	1,923
Miscellaneous income receivable	426	368
Other receivables	-	-
TRADE AND OTHER RECEIVABLES	**10,184**	**2,291**
TOTAL ACCRUED INCOME	**10,598**	**2,705**

NOTE 19 SHAREHOLDERS' EQUITY

19.1 Statement of changes in shareholders' equity

In thousands of euros	Share capital	Share premiums	Retained earnings (losses)	Net profit (loss)	Regulated provisions	Shareholders' equity
Balance at January 1, 2017	**143,409**	**647,514**	**-**	**(15,469)**	**23,793**	**799,247**
Net profit/(loss) for 2017	**-**	**-**	**-**	**(28,907)**	**-**	**(28,907)**
Appropriation of 2016 profit through the share premium	-	(15,469)	-	15,469	-	-
Increase in capital reserved for employees (ESOP)	2,723	19,064	-	-	-	21,787
Special distribution deducted from share premium	-	(59,366)	-	-	-	(59,366)
Capital increase by private placement	14,613	154,290	-	-	-	168,903
Capital increase to service free share grants (AGA)	286	(286)	-	-	-	
BALANCE AT DECEMBER 31, 2017	**161,031**	**745,748**	**-**	**(28,907)**	**23,793**	**901,665**

19.2 Share capital and share premiums

As of December 31, 2017, the registered share capital of the Company Europcar Groupe was €161,030,883, consisting of 161,030,883 shares with a par value of €1,161,022,079 ordinary shares, 4,045 class C preferred shares, and 4,041 class D preferred shares.

The various changes in share capital since January 1, 2017 are as follows:

Date	Operation	Share capital *(in €)*	Share premium *(in €)*	Number of shares	Nominal value *(in €)*
12/31/2016		**143,409,298**	**647,513,729**	**143,409,298**	**1.000**
2/24/2017	Increase in capital reserved for employees	2,723,414	19,063,898	2,723,414	1.000
5/10/2017	Appropriation of profit through the share premium	-	(15,468,921)	-	-
5/31/2017	Special distribution deducted from share premium	-	(59,365,633)	-	-
6/21/2017	Capital increase by private placement	14,612,460	154,290,355	14,612,460	1.000
6/26/2017	Capital increase to service free share grants (AGA)	285,711	(285,711)	285,711	1.000
12/31/2017		**161,030,883**	**745,747,717**	**161,030,883**	**1.000**

- On February 24, 2017, the capital increase reserved for employees of the Group (Employee Share Ownership Plan) resulted in a gross capital increase of €21,787,312 through the issuance of 2,723,414 new shares at a price of €8 per share.
- On June 21, 2017 Europcar Groupe placed 14,612,460 new ordinary shares at a price per share of €12.00, including share premium, for a total of €175,349,520, representing approximately 10% of Europcar Groupe's ordinary shares pre-capital raise. Settlement for the new ordinary shares and their admission to listing on Euronext Paris took place on June 23, 2017.The fees related to the private placement amounting to €6.4 million were included in the share premium.
- On June 26, 2017, the share capital of Europcar Groupe was increased by 285,711 new shares of €1 each in order to deliver the free-shares vested under the AGA 13 T1 share based plan. The counterpart of the share capital increase was a corresponding decrease of the additional share premium by €285,711.

As of December 31, 2017, the breakdown of shareholders in the share capital of the Company was as follows:

Shareholders	Number of ordinary shares and voting rights	Number of Class B preferred shares	Number of Class C preferred shares	Number of Class D preferred shares	Total number of shares	Percentage of ordinary shares and voting rights	Percentage of share capital
Eurazeo	48,960,506	-	-	234	48,960,740	30.56%	30.40%
ECIP Europcar Sarl	7,017,713	-	-	-	7,017,713	4.38%	4.36%
Kairos Investment	8,072,043	-	-	-	8,072,043	5.04%	5.01%
Morgan Stanley	9,047,141	-	-	-	9,047,141	5.65%	5.62%
Public	84,692,203	-	1,526	1,526	84,695,255	52.87%	52.60%
Management and employees	2,398,441	-	2,519	2,281	2,403,241	1.50%	1.49%
Treasury	834,750	-	-	-	834,750	0.00%	0.52%
TOTAL	**161,022,797**	**-**	**4,045**	**4,041**	**161,030,883**	**100.00%**	**100.00%**

As of December 31, 2016, the breakdown of shareholders in the share capital of the Company was as follows:

Shareholders	Number of ordinary shares and voting rights	Number of Class B preferred shares	Number of Class C preferred shares	Number of Class D preferred shares	Total number of shares	Percentage of ordinary shares and voting rights	Percentage of share capital
Eurazeo	60,544,838	-	-	234	60,545,072	42.41%	42.22%
ECIP Europcar Sarl	9,036,469	-	-	-	9,036,469	6.33%	6.30%
Executives, employees, and float	73,819,905	-	4,045	3,807	73,827,757	51.26%	51.48%
TOTAL	**143,401,212**	**-**	**4,045**	**4,041**	**143,409,298**	**100.00%**	**100.00%**

19.3 Regulated provisions

In thousands of euros	Amounts at 12/31/2016	Allocations during the period	Reversals during the period (used)	Reversals during the period (unused)	Amounts at 12/31/2017
Accelerated depreciation (See Note 2.3)	23,793	-	-	-	23,793
REGULATED PROVISIONS	**23,793**	**-**	**-**	**-**	**23,793**

NOTE 20 PROVISIONS

In thousands of euros	Amounts at 12/31/2016	Allocations during the period	Reversals during the period	Reclass	Amounts at 12/31/2017
Provisions for risks and expenses	-	-	-	-	-
DEPRECIATIONS	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**

20.1 Proceedings of the French Competition Authority (ADLC)

The French Competition Authority (ADLC) has initiated a procedure in the vehicle rental sector. On February 17, 2015, the ADLC addressed a statement of objections to Europcar France, as well as to other stakeholders, relating to certain practices that are alleged not to be compliant with French competition regulations.

Europcar France lodged its statement of defense brief on May 20, 2015. The Company strongly contested the complaints and the underlying arguments. Following the filing of those statements in response, the reporter of the French Competition Authority issued a report to the College on June 2, 2016. Europcar France replied to this report on September 5, 2016. The hearing before the College of Competition Authority took place on December 12, 2016.

On February 27, 2017, the French Competition Authority rendered a dismissed case decision upon this proceeding in the vehicle rental sector, considering that the alleged practices covered by the investigation services were not established. As this decision may be subject to an appeal before Paris Court of Appeals, the provision of €45 million was recorded in non-recurring expenses as at December 31, 2015, had been maintained as at December 31, 2016.

On April 17, 2017, the Group was notified that the Ministry of the Economy and Finance had decided not to appeal this decision. The €45 million risk provision was therefore reversed.

20.2 Leicester City Council Trading Standards Services investigation

On June 23, 2017 Leicester City Council Trading Standards Services opened investigation into Europcar UK in relation to allegations that Europcar UK levied charges for repairs where damages to a vehicle have been in dispute and without the consent of the holder; and/or false and / or excessive charges and comprise charges in excess of the cost of the repairs in breach of Regulation 9 of the Consumer Protection from Unfair Trading Regulations 2008. The subsidiary indirectly held by ECG recorded a provision for £ 38 million (€43 million) of non-recurring expenses in its 2017 financial statements. This amount corresponds to the Company's best estimate, at very early stage of the investigation based on a number of assumptions, including an assumption that the charging practices will be found to be misleading under Regulation 9 of the Consumer Protection from Unfair Trading Regulations 2008 and potential inappropriate behaviour when charging repairs costs to consumers.

Off-balance sheet items

NOTE 21 OFF-BALANCE SHEET COMMITMENTS

21.1 Guarantees

Pursuant to Article 4 of regulation 2010-02 of September 2, 2010 of the French Accounting Standards Authority, repealed and subsequently included in ANC regulation 2014-03, modified by ANC regulation 2016-07 relating to related party transactions and transactions not recorded in the statement of financial position, the financial commitments of the Company, given and received, as of December 31, 2017 are as follows:

Guarantees and sureties given

To secure the Senior Revolving Facility Agreement, dated July 13, 2017, the Company:

- guarantees as a *caution solidaire* to each Finance Party by the borrowers and the lenders;
- has granted a pledge over its shares in Europcar International S.A.S.U.

To secure the €350 million 2.375% Senior Secured Notes due 2022, dated November 2, 2017, the Company guarantees the punctual payment of all monetary obligations of EC Finance Plc under the Indenture and the Notes.

To secure the €600 million 5.750% Senior Notes due 2022, dated June 10, 2015, and the €600 million 4.125% Senior Notes due 2024, dated November 2, 2017, the Company has granted a pledge over its shares in Europcar International S.A.S.U. (second ranking after the pledge granted under the Senior Revolving Facility Agreement).

To secure the Asset Backed Financing Facility Agreement, dated December 19, 2017, the Company guarantees as a *caution solidaire* to each Finance Party the prompt and complete payment due by each Borrower and the prompt performance by each Obligor of all that Obligor's obligations.

Guarantees and sureties received

Asset and liability guarantee granted by the Volkswagen Group

The Company is the beneficiary of a vendor warranty granted by the Volkswagen group at the time of its disposal of Europcar Groupe in 2006. This warranty is expired and can no longer be implemented. However, relating to previous implementations, the Company may still receive compensation subject to the completion of ongoing litigation or pre-litigation and in agreement with Volkswagen on the final amount of such compensations.

Receivable write-off with a return to profitability clause

On November 23, 2017, the Group had written off a part of its receivable with Europcar UK for a total amount of €9,809,034.33 with a return to profitability clause within a two years period. This write-off is recorded in the income statement.

21.2 Employee benefit financial obligations

Legal and contractual retirement indemnities amounted to €166 thousand (€228 thousand in 2016) based on the valuation method prescribed by ANC recommendation No. 2013-02.

The Group has commitments with respect to defined benefit retirement plans. This commitment is assessed by an independent actuary using the projected unit credit method. This method requires the use of the specific actuarial assumptions set out below. These actuarial valuations are performed at the period end for each plan by estimating the present value of the amount of future benefits that employees have earned in return for their service in the current and prior periods and factoring in the effects of future salary increases.

The assumptions are:

- discount rate 1.5%
- anticipated long-term inflation rate: 1.75%
- expected return on the fund: 1.30%
- expected increase rate of salaries: 3.50%

The 2017 cost of services rendered was €35 thousand, and the financial cost €3 thousand.

21.3 Other commitments

None

Further information

NOTE 22 HEADCOUNT

	Average staff at 12/31/2017	
	Personnel staff	Personnel seconded to the Company
Managers and similar	13.75	-
TOTAL	**13.75**	**-**

NOTE 23 FREE SHARES GRANTS

The Europcar Extraordinary General Meeting held on June 8, 2015 authorized the Management Board to award free shares in the Company. The Management Board, at its meeting held on June 25, 2015, pursuant to said delegation of authority approved the decision and the principle of two free share plans.

"**AGA 13 T1**" and "**AGA 13 T2**" plan benefited members of the Group's Executive Committee.

Vesting of these free shares, following vesting periods of two to three years, and subject to the condition that the employee should be still working for the Company at the end of this period, depended on the achievement of:

- for the years ended December 31, 2015 and 2016: performance conditions related to the Adjusted Corporate EBITDA; and
- for the year ended December 31, 2017: performance conditions related to: (i) the Adjusted Corporate EBITDA; and (ii) fluctuations in the Company's stock price as compared with movements in the SBF 120 index.

Vesting period of AGA 13 T1 ended on June 25, 2017. The number of free shares definitely acquired by the beneficiaries were delivered on June 26, 2017; this led to a capital increase of 285.711 new shares of €1 each.

Vesting period of AGA 13 T2 ended on December 31, 2017. The number of free shares definitely acquired by the beneficiaries was nil.

The second free share allocation plan, **"AGA 100" ,** benefited the Group's top 100 senior executives. The shares vested following a two-year vesting period, subject to condition of continuous employment within the Group during the acquisition period and to the achievement performance conditions (i) the Adjusted Corporate EBITDA and (ii) to movements in the Company's stock price as compared with movements in the SBF 120 index.

The vesting period of "AGA 100" ended on June 25, 2017. The number of free shares definitely acquired by the beneficiaries was nil.

The number of free shares initially granted on AGA100 and AGA13 was 1,991,844. As of December 31, 2017, there are no more free shares related to those plans outstanding.

The Company's Extraordinary General Meeting dated as of May 10, 2016, in its 12th resolution, authorized the implementation free performance shares award scheme, in favour of some employees or managers of the Group. This authorization has been given for a 26-months period and is valid until July 8, 2018. "**AGA17**" benefited to key managers in the Group.

The acquisition of these performance shares, following a vesting period of two years (or three years for non-French residents under option), is subject to the beneficiary's continued employment with the Group on the vesting date, and the achievement of the following performance conditions for the fiscal year ended December 31, 2017 and December 31, 2018, performance conditions related to (i) Group EBITDA, (ii) revenue, and (iii) a relative TSR (Total Shareholder Return).

When the vesting period is equal to 2 years, a one-year retention period is required for fee shares. No retention period is required when the vesting period is equal to 3 years.

The number of free shares initially granted was 591,000. As of December 31, 2017, 576,100 free-shares on AGA 17 are still outstanding.

The details of the plans are below:

	Type of plan	Grant date	Number of free shares granted	Currently vesting	Length of vesting period	Vesting period	Fair value of shares in €(*)
AGA 100	Free shares	June 25, 2015	359,201	0	2 years	June 25, 2017	5.91
AGA13 – Q1	Free shares	June 25, 2015	653,057	0	2 years	June 25, 2017	11.73
AGA13 – Q2	Free shares	June 25, 2015	979,586	0	2.5 years	Dec. 31, 2017	6.53
AGA 17	Free shares	March 14, 2017	195,400	195,400	2 years	March 14, 2019	9.19
AGA 17	Free shares	April 25, 2017	326,100	313,200	2 years	April 25, 2019	10.27
AGA 17	Free shares	July 04, 2017	69,500	67,500	2 years	July 04, 2019	11.82

* *Fair value at grant date.*

For those plans, the employer's contribution, at the rate of 30%, was calculated on a basis corresponding to the unit fair value of the shares as estimated on the grant date

Movements relating to the free shares in 2017 are as follows:

	Number of shares
Currently vesting as of January 1, 2016	**1,863,333**
Canceled	(403,574)
Currently vesting as of December 31, 2016	**1,459,759**
Granted	591,000
Canceled	**(1,188,948)**
Delivered	(285,711)
CURRENTLY VESTING AS OF DECEMBER 31, 2017	**576,100**

Significant assumptions used

The weighted average fair value of the allocated shares was determined on the grant date using the Monte Carlo simulation model.

For AGA100 and AGA13 plans, the dividend rate was 2.20% (only for 2017) and the borrowing rate was the risk-free rate + 1%. The fair values on the grant date were calculated by deducting the dividends discounted during the vesting period and the discounted cost of non-transferability during the lock-in period.

For AGA17, the dividend rate was 3%. The fair values on the grant date were calculated by deducting the dividends discounted during the vesting period. The discounted cost of non-transferability was considered to be nil as there is a 1-year lock-in period.

NOTE 24 SUBSIDIARIES AND AFFILIATES

	Share capital	Share % Held	Val. Gross val. securities	Loans, advances	Revenue
Corporate name	**Shareholders' equity**	**Dividends received**	**Val. Net of investment shares**	**Guarantees**	**Net profit (loss)**
SUBSIDIARIES (over 50%)					
Europcar International S.A.S.U. (FRANCE)	110,000	100%	1,241,195	144,122	96,413
	213,500	-	1,241,195	-	69,881
EC Participations	18,510	100%	185,010	-	986
	173,716	-	185,010	-	(11,293)
INVESTMENTS (10 to 50%)					

Statutory Auditors' report on the financial statements

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Europcar Groupe SA for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of regulation (EU) No. 537/2014 or in the French Code of ethics *(Code de déontologie)* for Statutory Auditors.

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments

Identified risk	Audit approach
Investment securities are recorded at their purchase price, including costs directly attributable to their acquisition. Investment securities net book value amounts to €1,426 million as of December 31, 2017, i.e. 67% of total assets. As indicated in Note 2.3, annual impairment test is performed on securities. Value in use is determined using the discounted future cash flow method based on business plans prepared by the management of each entity and validated by the Group management. An impairment loss is recognised in the balance sheet when their net carrying amount exceeds their value in use. Considering investments securities are significant, the high degree of estimate and judgment to build models, and their sensitivity to changes in the data and assumptions underlying the estimates, particularly cash flow forecasts and discount rates used, we considered the valuation of investments to be a key audit matter.	Our procedures mainly consisted of: ■ understanding the process to prepare the three-year business plans used by the management to determine the recoverable amounts; ■ comparing the main assumptions made by the management with business performance over the past years and assessing variances between previous years forecast and actual figures; ■ assessing the principles and methods to determine the value in use of securities in accordance with generally accepted valuation methods; ■ challenging and corroborating, notably through interviews with management, the reasonableness of the main data and assumptions underlying the estimates such as future cash flow forecasts, long term growth rate and discount rates. ■ testing the arithmetical accuracy of the valuations used by the management on a sample basis; ■ performing our own sensitivity analyses. We assessed, with the support of our valuation experts: ■ the discount rates (WACC) used to determine the discounted cash flows; ■ the long term growth rate used to determine the terminal value. ■ We also assessed the appropriateness of the disclosures in Notes 2.3 and 11 to the annual financial statements.

Verification of the management report and of the other documents provided to the shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code *(Code de commerce)*, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Europcar Groupe SA by the Annual General Meeting held on May 16, 2013 for Mazars and on status on March 9, 2006 for PricewaterhouseCoopers Audit.

As at December 31, 2017, Mazars was in the 5th year of total uninterrupted engagement and PricewaterhouseCoopers Audit was in the 12th year of total uninterrupted engagement, and 3 years since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue on its own, disclosing, as applicable, matters relating to continuing on its own and to apply its own accounting policy unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, defines and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, February 28, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	MAZARS
François Jaumain	Isabelle Massa

3.7 OUTLOOK FOR FISCAL YEAR 2018

3.7.1 Group forecasts for the year ending December 31, 2018

Forecasts in terms of revenue and Adjusted Corporate EBITDA as well as distributions presented below are founded on data, assumptions, and estimates considered reasonable by Group Management. They could change or be modified due to uncertainties linked, for example, to the economic, financial, competitive and/or regulatory environment, due to other factors that are unforeseeable as well as certain transactions, if any. In addition, the materialization of certain risks described in Chapter 2 "Risk factors" of this Registration Document could have an impact on the Group's activities and its ability to achieve these forecasts. No assurance can be given that the Group's actual results will be in line with the forecasts below. Finally, the Group believes that Adjusted Corporate EBITDA, although a non-GAAP measurement, is a relevant indicator of the Group's operating and financial performance.

The Group's forecasts are based on the consolidated financial statements for the fiscal year ended December 31, 2017. These forecasts are based mainly on the following assumptions:

- accounting principles and scope of consolidation which, compared to the Group's consolidated financial statements as of December 31, 2017, have not significantly changed;
- an estimated average annual exchange rate of pound sterling/euro of 1.10 and an Australian dollar/euro exchange rate of 0.66.

In line with its commitments made on its Investor Day on October 4, 2016, the Group expects to continue to generate profitable growth for the fiscal year ended December 31, 2018, in accordance with its "Ambitions 2020":

- consolidated sales increased by more than 3% at constant scope of consolidation and exchange rates and excludes the impact of petrol revenue (organic growth) [(1)] ;
- an Adjusted Corporate EBITDA level of over €350 million excluding the impact of new mobility;
- a ratio of Corporate Operating Free Cash Flow to Adjusted Corporate EBITDA greater than 50% excluding the impact of new mobility.

Moreover, the Company's objective is to propose to its shareholders to distribute an annual dividend amount representing at least 30% of its consolidated net profit for the previous fiscal year.

The Company's dividend payment policy (see Section 6.7.1 "*Dividend Policy*") will take into account, among other factors, its operating results, financial position and the achievement of its objectives as set out in this Chapter, as well as restrictions on dividend payments applicable under the terms of the Group's debt instruments.

(1) Taking into account the current price of petrol.

3.7.2 Statutory Auditors' report on the profit forecast for the year ending December 31, 2018

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Chair of the Management Board

Europcar Groupe
2 rue René Caudron
Bâtiment Op
78960 Voisins-le-Bretonneux, France

Dear Madam,

In our capacity as Statutory Auditors and pursuant to regulation (EC) No. 809/2004, we have compiled this report on the profit forecast ("Adjusted Corporate EBITDA") for the Company Europcar Groupe S.A., contained in Chapter 3, Section 3.7.1 of its 2017 Registration Document.

This forecast, and the significant assumptions on which it is based, were compiled under your responsibility pursuant to the provisions of regulation (EC) No. 809/2004 and the ESMA recommendations on forecasts.

Based on our review, we have been asked to express an opinion, in accordance with Annex I, point 13.2 of regulation (EC) No. 809/2004, on whether this forecast has been properly compiled.

We performed the work that we deemed necessary according to the professional guidance issued by the French institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes – CNCC*) for this type of engagements.

Our work included an assessment of the procedures undertaken by management to compile the profit forecast as well as the implementation of procedures to ensure that the accounting policies used are consistent with the policies applied by Europcar Groupe S.A. for the preparation of the historical financial information. Our work also included gathering information and explanations that we deemed necessary in order to obtain reasonable assurance that the profit forecast has been properly compiled on the basis stated.

Since profit forecasts, by nature, are uncertain and may differ significantly from actual results, we do not express an opinion as to whether the actual results reported will correspond to those shown in the profit forecast.

In our opinion:

- the forecast was properly compiled on the basis stated;
- the basis of accounting used to compile the profit forecast is consistent with the accounting methods used by the Company Europcar Groupe S.A. for the fiscal year which ended on December 31, 2017.

This report has been issued solely for the purpose of registering the Registration Document (*Document de référence*) with the French financial markets authority (*Autorité des marches financiers – AMF*).

Drawn up in Courbevoie and Neuilly-sur-Seine, April 13, 2018

The Statutory Auditors,

Mazars	PricewaterhouseCoopers Audit
Isabelle Massa	François Jaumain

3.8 INFORMATION ON MEDIUM-TERM TRENDS AND OBJECTIVES

3.8.1 Recent events

A detailed description of the Group's results for the year ended December 31, 2017 is provided in Section 3.1 "*Analysis of Group results*" of this Registration Document.

3.8.2 Objectives for the year ending December 31, 2021

The objectives of the Group described below are not forecasts or estimates of Group profit, but reflect the Group's strategic orientations and action plan, as described in Section 1.4 "*Strategy*".

The Group's management believes the data, assumptions and estimates on which the Group has based these objectives to be reasonable. These are based, in particular, on the Group's expectations regarding economic conditions and market trends. They are likely to evolve or change due to uncertainties related notably to the economic, financial, competitive, and/or regulatory environment, other factors of which the Group is not aware, or due to the occurrence of certain operations. Moreover, the materialization of certain risks described in Chapter 2 "Risk Factors" of this Registration Document could affect the Group's business and its ability to implement the objectives described below. The Group provides no assurance that the objectives described in this Section will be met and makes no commitment to publish updates to this information. Finally, the Group considers that Adjusted Corporate EBITDA, and the associated margin, non-GAAP measurements, are relevant indicators of the Group's operating and financial performance.

The Group has entered an acceleration phase of its strategy with a high ambition for the future: to become a world leader in mobility solutions. By 2020, this ambition is expected to result in revenue in excess of €3 billion, through organic growth as well as acquisitions, and an Adjusted Corporate EBITDA margin greater than 14% (excluding the New Mobility Business Unit). This margin improvement is based on two actions: on the one hand, significant leverage and consequent strong growth in the Group's revenue by 2020 and, on the other hand, the Group's ability to continue its cost reduction efforts. This target of 14% Adjusted Corporate EBITDA margin by 2020 is based on stabilizing the margin after variable costs, good operational efficiency and good control of the Group's fixed costs.

This 2020 ambition was presented at Investor Day on October 4, 2016. The Group aims to benefit from its position as a European leader, the strength of its assets, the implementation of its new organization and its ability to develop new mobility solutions to achieve this ambition.

Also, on March 28, 2018, the Group announced its desire to strengthen its leading position in the low cost segment and set for its Low Cost Business Unit the goal of generating at least 15% of the Group's total revenue in the near future.

In the Vans & Trucks BU, the aim is to be making 10-15% of Group revenue by 2020.

3.9 SIGNIFICANT CHANGE IN THE FINANCIAL OR BUSINESS POSITION

To the Company's knowledge, there has been no significant change int he Group's or Company's financial or business position since December 31, 2017 other than as described in this document.

3.10 COMMENTS OF THE SUPERVISORY BOARD ON THE MANAGEMENT BOARD'S REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Dear Shareholders,

The Company's Management Board has invited you to attend the Annual Shareholders' Meeting in accordance with the law and the Company's bylaws, in order to present to you the situation and activity of our Company for the year ended December 31, 2017 and to submit for your approval the financial statements of said year and the allocation of income.

You are reminded that, in accordance with Article L. 225-68 of the French Commercial Code, the Supervisory Board is required to present to the Annual Shareholders' Meeting its observations on the report of the Management Board, as well as on the financial statements approved by the Management Board and submitted to the meeting.

You are advised that the Company financial statements and the consolidated financial statements for the year ended December 31, 2017, as well as the Management report, were provided by the Management Board to the Supervisory Board within the legal and statutory delays.

The resolutions presented to you by the Management Board have been debated and approved by the Supervisory Board.

After verifying and reviewing the Company financial statements, the consolidated financial statements and the Management Board's report, we advise you that the Supervisory Board has no particular comments to make on these documents and invites you to adopt all the resolutions proposed to you by the Management Board.

SOCIETAL, SOCIAL AND ENVIRONMENTAL INFORMATION

For information purposes, in this chapter, and unless otherwise indicated, the 2017 figures presented relate to Ubeeqo and the Corporate Countries held between January 1, 2017 and December 31, 2017 as well as Ubeeqo. In addition, InterRent branded stations are included with the Corporate Countries. The data excludes acquisitions completed during the year, namely:

- ***the data related to Europcar Denmark, including two Danish companies Ostergaard Biler A/S and NordCar Finance A/S, a former franchisee of the Group acquired by Europcar on April 27, 2017;***
- ***the data related to Buchbinder, a group of companies acquired by Europcar on September 20, 2017;***
- ***the data related to Goldcar, a group of companies acquired by Europcar on December 19, 2017;***
- ***the data related to Europcar Luxembourg via InterRent Sarl, a Luxembourg company acquired by Europcar on December 20, 2017.***

4.1 EUROPCAR: CONTEXT AND ISSUES

4.1.1 "*Commit Together!*", a pioneering strategy

STATEMENT BY CAROLINE PAROT, CHAIRWOMAN OF THE MANAGEMENT BOARD

With "Commit Together!" Europcar has a strong and committed CSR identity which supports the deployment of our strategy, launched last year with an ambitious road map.

In 2017, clear progression was shown in our non-financial ratings, demonstrating the relevance of our CSR strategy and the robustness of the actions taken by our Group to respond to its numerous social and environmental challenges and meet the expectations of its stakeholders.

More than ever, with "Commit Together!", Europcar has adopted an approach of continuous progress driven by the management team and intends to significantly increase the strong environmental and social initiatives with the active backing of all the Group's employees.

Europcar's ambition is to be one of the leaders in the mobility sector, offering innovative and tailored solutions to meet customers' personal and professional transportation needs. In 2017, the Group's customers traveled more than 7.5 billion km using its vehicle rental or car-sharing services.

By encouraging vehicle use over ownership, Europcar is putting the functionality economy at the heart of its business model, helping to minimize the resources spent on vehicle construction and, thanks to the onboard fuel economy and emissions savings technologies of its modern fleet (average age of vehicles about 9 months), also helping cut fuel consumption and emissions. That said, the Group is very conscious of the environmental issues it faces, given its international presence, its numerous businesses and the sector in which it operates, and of its social and corporate footprint.

The Group is convinced that corporate social responsibility (CSR) is a key factor in its success and sustainability, if it is to carry on its business and meet its growth targets.

This is why Europcar has created *"Commit Together!"* this year, a pioneering strategy built around four main commitments that define our four priorities for sustainable success.

Europcar commits on…

Promoting mobility for all

…to be a major player of the sustainable development by building confidence with its customers and by offering them convenient and transparent products.

Being a responsible employer

…to be a responsible employer by promoting employees development and diversity which are essential to the success and growth of the company and by developing a strong employer brand

Fighting against climate change

…to improve its environmental footprint and participate to the fight against climate change through a dynamic environmental management.

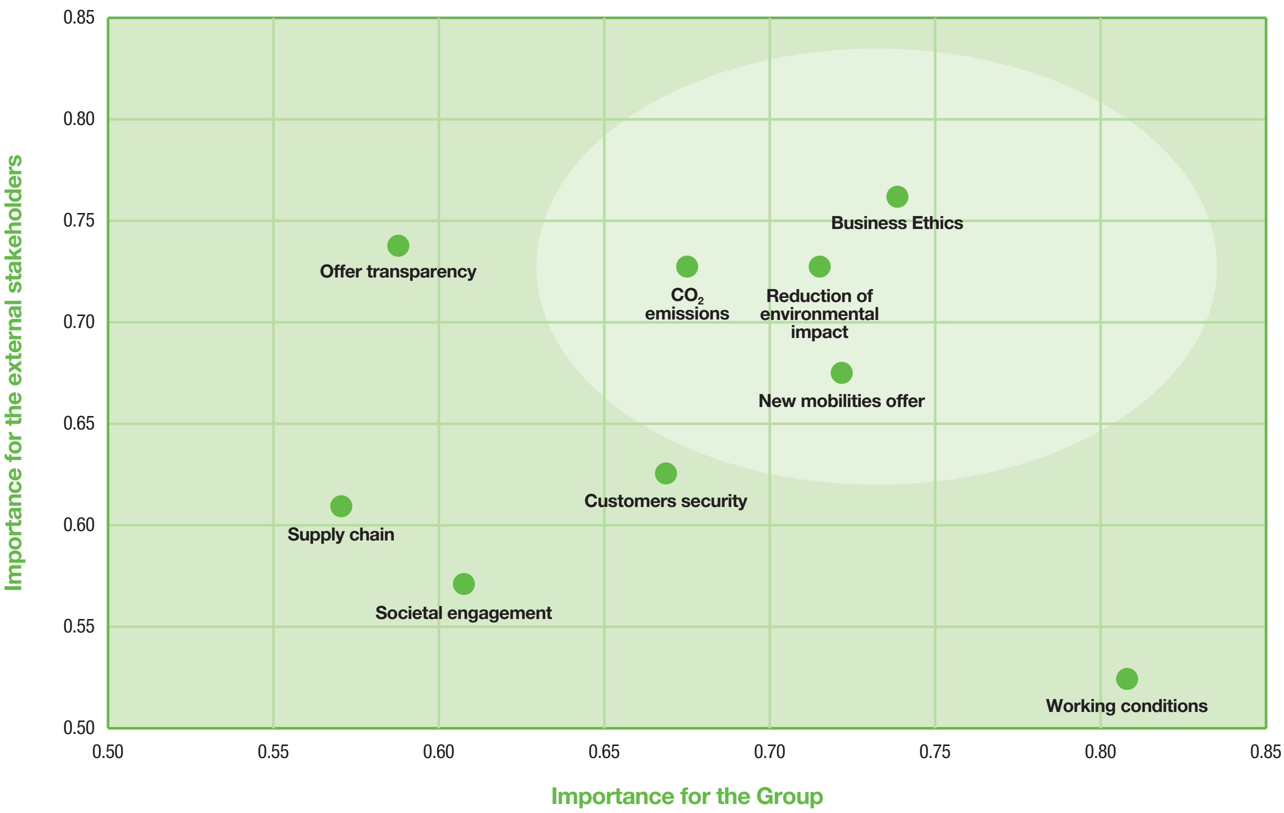
Creating shared value

…to promote ethics in business by giving value to a responsible procurement policy and by conducting business with integrity.

This strategy, endorsed by the Group's corporate governance bodies, is the result of a consultation and analysis of key stakeholders' CSR expectations (employees, suppliers, customers, investors and franchisees) as well as analysis of the associated impacts, risks and opportunities.

These studies were carried out in late 2016 and formed the basis for *"Commit Together!"* and the associated commitments. The key issues identified (see yellow inset below) led to the four pillars of the strategy.

MATERIALITY MATRIX: MAIN ISSUES FOR EUROPCAR



Europcar's strategy is based on continuous progress. Europcar has set strong ambitions, embodied in the 20 targets for 2020 presented throughout this chapter. Together they address the main challenges and main stakeholder expectations identified. The Group will report back annually on results and achievements in its Registration Document.

However, this is only the latest step in Europcar's longstanding commitment to CSR and sustainable development. In 2005, the Group was the first in the vehicle rental sector to sign up to the United Nations (UN) Global Compact. Every year since, Europcar has reiterated its commitment to respect all 10 principles of the UN Global Compact, inspired by the Declaration of Human Rights, the ILO Declaration on Rights at Work, the Rio Declaration on the Environment and the UN Convention against Corruption, and to support progress toward those of the 17 Sustainable Development Goals (SDG) listed by the United Nations which are relevant to the Group. Specifically, the Group has committed to help achieve the following goals where it believes it can take relevant action:

- SDG 4: Quality education;
- SDG 5: Gender equality;
- SDG 6: Clean water and sanitation;
- SDG 8: Decent work and economic growth;
- SDG 11: Sustainable cities and communities;
- SDG 13: Measures relating to the fight against climate changes.

Since 2015 and through the "*Commit Together!*" strategy, a dedicated team and two governance bodies have been responsible for the design and implementation of the strategy and its roll-out through all the Group's subsidiaries and businesses. A set of "CSR fundamentals" has been drawn up to standardize practices and actions at Europcar's existing entities and move newly acquired firms forward. ISO 14001 environmental certification is one of these CSR fundamentals and is required for each of the Group's operating subsidiaries (73% had launched the certification process at December 31, 2017).

Europcar also meets high compliance standards for its published non-financial data. A CSR Committee and local CSR contacts collect and check the data that goes into its annual CSR report, designed both to ensure compliance and to provide forward-looking operational guidance. Except where stated otherwise, the scope of consolidation for this chapter covers all Holding Company and Corporate Countries owned between January 1 and December 31, 2017. It therefore excludes acquisitions made during the year (*Goldcar, Buchbinder, Europcar Denmark, Europcar Luxembourg)* as well as franchise networks and Group service providers.

In 2017, the Group's CSR work was recognized by its first award in the field. It was rated "Best Auto-Mobility Services Operator Europe 2017" by financial magazine CFI.co (Capital Finance International), which singled out the effectiveness of the Group's CSR strategy and its signing of the Global Compact. Throughout the year, the Group also successfully progressed all its non-financial ratings (see table below).

	2016	2017	Var-N-1
oekom research	D	C	+3 ranks
Gaïa Rating	61%	75%	+14 pts
CDP Disclosure Insight Action	F	C	Not ranked in 2016
Ethics & Boards – Féminisation des instances dirigeantes Le Palmarès des entreprises 2017	70th	19th	+51 ranks

HISTORY OF THE CSR APPROACH

2005: Adhesion to the principles of the United Nations Global Compact.

2008: Publication of its first environmental charter, certified by Bureau Veritas.

2009: Launch of drive for ISO 14001 certification for all of the Group's European operating subsidiaries, renewed every three years since.

2012: Publication of Europcar's first CSR report to meet the non-financial information publication obligations of its reference shareholder Eurazeo.

2013: The Group reaches the Active level of the United Nations Global Compact.

2015: Appointment of a Group CSR Director in charge of defining and steering the CSR strategy for the Group and its Corporate Countries.

2016: Launch of the Group CSR Ambitions 2020 strategy and establishment of a dedicated governance structure (Strategic CSR Board, CSR Operations Committee, country CSR managers, etc.).

2017: New identity for the Group's CSR strategy with the launch of "Commit Together!".

4.1.2 CSR organization and governance

Europcar developed its structured CSR approach in 2015, following its initial public offering, with the appointment of a Group CSR Director, responsible for defining and steering CSR strategy across the Group. Subsequently, a team and governance process were set up to respond to the Group's obligation to collect and publish social and environmental information in accordance with Article 225 of the Grenelle 2 Law (French Law 2010-788 of July 12, 2010) ("CSR Reporting").

At December 31, 2017, the Group's CSR governance was structured around:

- a CSR Sponsor, namely the Chairwoman of the Management Board Caroline Parot, in charge of defining the Group's CSR vision and roadmap;
- a Group CSR Director responsible for CSR (Reporting) and the definition and implementation of the Group's CSR strategy, and a member of C3D (*College of Sustainable Development Directors*);
- a CSR Coordinator, under the responsibility of the CSR Director, in charge of monitoring the CSR process and the deployment of action plans within the Group;
- a CSR Board, bringing together the main Group departments in order to contribute to the definition of the CSR strategy and to analyze the expectations of stakeholders;
- a CSR Committee, comprising the CSR correspondents of the Holding Companies and Corporate Countries, in charge of implementing the strategy at the country level.

For the purpose of meeting its obligations under the Grenelle 2 Law, requiring the collection and publication of non-financial data, the Group also relies on:

- a CSR correspondent in each Corporate Country (12 in all) responsible for collecting non-financial information and rolling out the Group's CSR strategy at the local level;
- around 80 contributors to the CSR Reporting process in all of the Group's subsidiaries and departments;
- drafting of a CSR Reporting protocol detailing all the relevant procedures and methodologies for forwarding information, distributed to all CSR Reporting contributors;
- an online platform for data collection and an external control process to ensure the consistency of CSR Reporting carried out by consultancy Reporting 21;
- an internal control process to ensure the consistency of CSR Reporting;
- the appointment of an Independent Third Party Organization to verify the existence and accuracy of the CSR Reporting data in accordance with Decree No. 2012-557 of April 24, 2012.

The Commit Together! strategy is included on the agenda of the Group's management and supervisory bodies at least once a year (Group Executive Committee, Supervisory Board, Shareholders' Meeting). It is systematically rolled out into all new acquisitions by the Group.

4.2 EUROPCAR PROMOTER OF MOBILITY FOR ALL

Europcar wants to be a major player in sustainable development by instilling a relationship of trust with customers and by offering them a new customized and transparent range of products. The Group wants to maintain a high level of service in the variety and nature of the mobility solutions it offers its customers to meet the needs and expectations of all. To do this, Europcar has concentrated its efforts on four main issues: road safety, customer satisfaction, transparency of its offering and compliance with regulations.

The Group has set a series of objectives for 2020 which together constitute a roadmap to achieve the "*Promoter of mobility for all*" pillar of its strategy and communicate on progress on an annually basis.

Commit ***Together!*** ***objectives***	**2015**	**2016**	**2017**
Objective 2020 No. *1 Implement by 2020 a global program of road safety awareness for all Group stakeholders.*			Europcar International Signature of the National Appeal for Road Safety
Objective 2020 No. *2 Increase its Net Promoter Score each year*	44.8%	49.6%	54.7%
Objective 2020 No. *3 Continuously improve the transparency of its offering and compliance with related regulations and legal authorities.*	Pro-active process including a set of undertakings made to the European Commission (EC).	Follow-up of undertakings made to the European Commission (EC).	GDPR compliance approach
Objective 2020 No. 4 *100% of operating subsidiaries will have launched ISO 9001 quality management certification*	56% (5/9)	67% (6/9)	55% (6/11)
Objective 2020 No. 5 *100% of operating subsidiaries will have launched ISO 39001 road safety management certification*	0% (0/9)	11% (1/9)	9% (1/11)

The Operational subsidiaries combine the Corporate Countries as well as any other Group subsidiary whose "operational" business is vehicle rental or mobility solutions.

4.2.1 Act to promote customer safety and prevent road accidents

With more than 7.5 billion kilometers driven by its customers each year, the Group considers driver safety and the prevention of road accidents to be one of the key issues of its *"Commit Together!"* strategy.

4.2.1.1 Guarantee customer safety

A recent and well-maintained rental fleet: the Group's first priority

90% of the vehicles that the Group took possession of in 2017 were on buy-back agreements, which include a buy-back clause that obliges the carmakers to buy them back at the end of a pre-determined period, usually less than 12 months. This means Europcar can offer a near-new rental fleet (generally aged less than 10 months in 2017) which meets all the latest safety standards and have all the latest technological equipment.

Europcar undertakes with carmakers to comply with all maintenance specifications required under the buy-back clauses. The vehicles are therefore subject to numerous specific written procedures that are posted in the preparation sites to ensure regular maintenance in accordance with the carmakers' standards.

Before any new rental, vehicles are inspected and verified by teams trained in-house on the Group's own standards and checkpoints (tire pressure, liquid levels, windshields, lights, etc.). If vehicles fail and need repairs, small fixes are done on-site and more serious repairs are completed by independent referenced firms. Through its "Clean & Safe car" program, for instance, Europcar Belgium certifies that each vehicle returned for rental has been checked on 22 mandatory points.

Finally, each vehicle has essential safety equipment (high-visibility vest, reflector triangle, etc.) and additional equipment is available for rent in the agency (child seats, chains, snow tires, etc.) to give customers an optimal level of safety and comfort behind the wheel, in compliance with local regulations.

If a vehicle suffers an accident or breakdown while rented out, the Group makes available to its customers a 24/7 assistance service and seeks continuously to optimize the efficiency of responses.

4.2.1.2 Promoting road safety

As major player in global mobility, Europcar is well aware of the role it can play in promoting road safety awareness among its stakeholders and encouraging good driving behavior on the road. By 2020, the Group's ambition is to have in place a common road safety awareness program for its customers, employees and suppliers in all Corporate Countries.

Europcar International S.A.S.U., signatory to the National Appeal for Road Safety

As a public endorsement of this commitment, Europcar International S.A.S.U. signed the French National Appeal for Road Safety, promoted by the French Interior Ministry, and undertook to encourage its employees to comply with the *"7 commitments for safer roads"*. These address all the risk factors linked to its employees mobility.

All Corporate Countries have already launched other accident prevention awareness programs. Awareness-raising materials are made available at every stage of the customer journey, onboard vehicles, in-station and on the Group's websites. Europcar, UK, for instance, alerts its customers through its "Guide to a smooth journey" leaflet, available in each vehicle. In Spain, Australia and New Zealand, customers are informed about local driving rules in a Welcome Pack given out in the stations when they pick up the vehicle. Europcar Germany, for its part, has an online page dedicated to safety advice in the case of snow.

Europcar Belgium, partner of *European Night Without Accidents*

Always with the objective of promoting road safety, particularly among young people, Europcar Belgium this year committed, together with the Responsible Young Drivers Association, to organize the European Night Without Accident, a night of building road safety awareness at the exits from party locations in Belgium.

Finally, Europcar was the first company in the vehicle rental sector to obtain *ISO 39001 - Road safety management system* certification, for its Europcar Spain subsidiary, following an awareness raising program among stakeholders. Such certification is now one of the fundamentals that the Group wants to roll out, aiming to have all operating subsidiaries certified by 2020.

Europcar Ireland innovates to promote road safety

Europcar Ireland created its "Smooth Driving Contest" to reward the safest drivers among its customers. It uses a fully connected rental fleet to analyze the driving behavior and habits of its customers and come up with an individual driving score each day. Rankings are established each weekend to reward the best drivers. For this initiative gathering more than 36,000 participants, Europcar Ireland won the 2017 innovation prize from the specialist magazine Business Insurance.

4.2.2 Ensure a high level of customer satisfaction

Europcar wants to ensure a high level of satisfaction by offering customers high-quality mobility products and solutions that meet the ever-changing demands of the market. Thanks to its extensive and innovative offering, the Group aims to make mobility accessible to all.

Europcar strives constantly to strengthen its leadership position and has created tools and initiatives to foster "customer-company" dialogue, allowing it to tailor precise responses to customer demands and to measure and follow up customer satisfaction.

4.2.2.1 Innovative mobility solutions accessible to all

A varied offering of vehicles and mobility solutions

Thanks to its model of vehicle buy-back agreements and dynamic fleet management, Europcar can offer its customers a recent fleet and a wide range of vehicles (economic, compact, trucks, premium, vans, etc.) that meet the expectations of the most customers. In 2017, the Group ran an average fleet of 248,500 utility and touring vehicles purchased from the largest manufacturers in order to offer its customers the widest possible range. For more information, see Section 1.6.7.1 "*Fleet Management*".

Alongside its core business of vehicle rental, Europcar now also offers a range of innovative and varied mobility solutions (car-sharing, mobility platform, hourly rental, etc.) to respond to the new forms of use and mobility habits of its customers. The Group has put "new mobilities" at the heart of its strategy. Its effort includes in particular "Europcar Lab", its research and innovation center, and the associated strategic investments. In 2017, the Group invested heavily in car-sharing solutions to further enrich its international offering, in particular by taking stakes in Guidami (a station-based car-sharing start-up in Milan) and Snappcar (a peer-to-peer car-sharing start-up in the Netherlands and Northern Europe).

Make mobility accessible to all

Looking beyond the diversification of its products and a broader range of vehicles, Europcar is keen to provide innovative offerings that are accessible to all customer categories, whatever their needs and budgets.

Affected customers	Details of offering
Students	In France and Germany, Europcar has offerings dedicated to students with cheap rates for touring vehicle and van rental, designed to help students with their frequent home moves.
Families	Europcar Spain and Europcar Italy have developed a family rental offering which comes with a specially tailored package of insurance, baby seat, spare driver, GPS, etc.. In Australia and New Zealand, campervans are available for rental.
Bicycle/motorbike riders	The Group now rents motorbikes and bicycles at many of its stations. In 2017, Europcar Belgium struck a partnership deal with *Scooty* (self-service electric scooter rentals) to offer customers an exclusive discount on scooter rentals.
People with reduced mobility	In Portugal, Ireland, Germany and the UK, special vehicles or vehicles with manual gears on the steering wheel are available for people with reduced mobility.
Cost-sensitive customers	The Group has since 2013 been offering low cost rentals under the InterRent brand in most European countries allowing cost-conscious customers to access mobility solutions that fit their budget. This year, the Group expanded its offering by acquiring Goldcar, a European leader in low cost vehicle rental.
Frequent customers	Europcar gives frequent customers special offers such as the "Privelege" loyalty reward scheme in the UK or the "Auto-liberté" and "Funway" plans in France, which offer cheap deals in exchange for an annual subscription.
Customers interested in new mobilities	In 2017, Europcar France and Europcar Germany launched "Drive & Share", a medium-term rental offering to replace vehicle purchasing and ownership. Renters can sub-rent their vehicle on a peer-to-peer rental platform.

Europcar Lab, an entity dedicated to innovation

As part of its drive for consistent innovation to better meet the expectations of its customers and to anticipate new mobility needs, in 2014 Europcar created a dedicated entity called the Europcar Lab. Conceived as an ideas incubator, Europcar Lab's objective is to develop a portfolio of Group offerings through identifying and developing new urban mobility solutions as well as investing in innovative structures. With this entity, the Group demonstrates once more its intention to satisfy its customers through an ever more extensive offering and to incessantly promote the use and ownership of vehicles for travel (for more information, see Section 1.7. "Europcar Innovation Lab").

4.2.2.2 Know, monitor and measure customer satisfaction

Foster customer-Europcar dialogue

Its commitment to customer satisfaction is one of the central pillars of the Group's strategic vision, which puts its customers at the heart of its actions. Europcar attaches special importance to measuring and monitoring customer satisfaction to continuously ensure high standards of service. The Group offers customers many lines of communication (telephone, email, FAQs, website, social media, etc.) allowing interactions and direct exchanges at every stage of the customer experience, whether before, during or after rental.

Customer requests and complaints are managed through a centralized software tool and processing procedures are formalized at the Group level, allowing it to manage the time it takes to manage and resolve customer requests. In 2017, the Group cut the target time for handling complaints to a maximum of 5 days compared to 7 days in 2016.

Finally, most Corporate Countries belong to their local tourism, insurance or vehicle rental trade associations as a way to progress and continuously improve their practice and services.

Since 2011, the Group has had a customer satisfaction monitoring program in all Corporate Countries: the "Net Promoter Score". This performance indicator uses an established methodology to measure the gap between numbers of "promoters" and "detractors" of a brand. Customers are invited to answer the question "*Would you recommend Europcar to your friends or family*?" on a scale of 1 to 10. Scores less than 6 are considered "detractors". Scores of 9 or 10 count as "promoters". The Net Promoter Score is the sum of the percentage of promoters minus the percentage of detractors. In 2017, this was 54.7%, a 5 point increase on 2016.

Group customer satisfaction tool: the "*Net Promoter Score*"

	2015	2016	2017
Net Promoter Score	44.8%	49.6%	54.7%

This year, the Group-wide NPS 110 program was set up to further improve the customer experience at every stage of the journey. A dedicated team was created to collect and analyze customer feedback with ever greater precision to quickly identify and put in place appropriate solutions. The program also relies on regular meetings with a specially recruited community of customers who give their views and share their expectations of Europcar.

Continuously improve customer satisfaction, the NPS110 program

During 2017, Europcar launched the NPS110 program, whose objective is to satisfy its customers "above and beyond" through the creation of a team dedicated to gathering and analyzing customer feedback as well as implementing quick solutions to resolve issues. For this purpose, a customer community has been created to hear their questions and expectations during regular meetings.

4.2.2.3 Continuously improve the "transparent offering"

The Group continuously seeks to simplify its transparent offering (general terms and conditions, insurance products, etc.) to make it easier for customers to understand in the event of questions and so improve their overall satisfaction.

To this end, the Group has redesigned its protection offer to provide greater clarity and transparency for consumers. Since 2015, it has offered three levels of protection: Basic, Medium and Premium. These cover all risks that customers may incur during their Europcar rental (damage, theft, windscreen breakage, etc.). The insurance products can cover anything from a flat tire to a 100% zero deductible. All vehicles rented by Europcar have third-party liability policies with prominent insurers in their market.

Europcar has made a number of commitments to the European Commission and to national authorities responsible for enforcing consumer protection legislation created by Regulation EC 2006/2004, on improving consumer experience (transparency and appropriateness of contractual terms and conditions). This process of continuous improvement of practices, begun in 2015 and reaffirmed each year since, was welcomed by the European Commission.

In 2017, Europcar committed to a GDRP (General Data Protection Regulation) compliance approach which will be consist in particular into the implementation of new consumer consent survey modules. Furthermore, the Group's "NPS110" approach, which identifies the main criticisms of our customers in order to respond to them, also enables customer transparency and satisfaction to be further improved.

4.3 EUROPCAR: RESPONSIBLE [1] EMPLOYER

In a fast-changing mobility sector, Europcar's success is intimately bound to the quality of service and innovations proposed by in-station and head office teams. The Group is convinced that the commitment and development of its employees are key factors in its current and future success and therefore wants to act as a responsible employer to its 8,011 employees throughout the world, paying particular attention to their training and professional development.

For several years, Europcar has had in place a Human Resources (HR) organization that dynamically manages the workforce through a Group HR department and local HR offices in each Corporate Country and the Group Holding Company.

This organization supports the roll-out of "You make the difference", Europcar culture based on a set of values communicated to all employees:

- Customer Centric: offer the best possible experience;
- Working Together: develop a feeling of belonging and teamwork;
- Open Communication: listen to the point of view of others;
- Feeling valued: thank others and feel appreciated.

The objectives that follow also form part of Europcar's ***Commit Together!*** social responsibility strategy and are priority issues for the Group in its quest to act as an "Ever more responsible employer".

***Commit Together!* objectives**	**2015**	**2016**	**2017**
Objective 2020 No. 6 *Train a greater number of employees each year*	69%	76%	80%
Objective 2020 No. 7 *100% of employees tracked by a satisfaction survey*	Non-harmonized program	Non-harmonized program	Non-harmonized program
Objective 2020 No. 8 *Implementation of a Group Diversity program.*	/	/	/
Objective 2020 No. 9 *Implementation of a CSR incentives program.*	/	/	/
Objective 2020 No. 10 *100% of operating subsidiaries will have launched OHSAS 18001 (or ISO 45001) management certification.*	0% (0/9)	11% (1/9)	9% (1/11)

The Operational subsidiaries combine the Corporate Countries as well as any other Group subsidiary whose "operational" business is vehicle rental or mobility solutions.

4.3.1 Employees and jobs

4.3.1.1 Group operations and breakdown of workforce

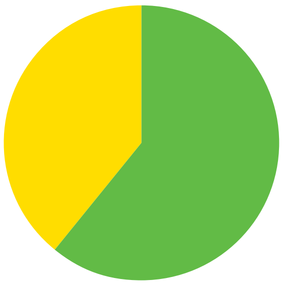
Europcar operated in 10 countries under its Corporate Country scope of consolidation with 1,145 wholly owned stations, 1,655 franchises and 622 agents at December 31, 2017. This means it can cover all the commercial and tourist areas broadly where it operates. Mainly located in train stations, airports and city centers, Europcar's employees mostly work in rental stations (around two thirds of the workforce) making the Group a major provider of local employment.

For clarification, the scope of consolidation for this Section covers all the Holding Companies and Corporate Countries held between January 1 and December 31, 2017. It excludes the acquisitions completed during the year (*Goldcar, Buchbinder, Europcar Denmark and Europcar Luxembourg*) as well as the Group's franchise networks, agents and service providers.

(1) Throughout this Section, an asterisk (*) signifies that the data relate to permanent headcount only; two asterisks (**) signify that the data relate to permanent and fixed-term headcount.

Workforce distribution head offices/rental stations**

WORKFORCE AT 12/31/17



The staff of the Holdings and the Shared Services Center have been included in the Head offices headcount.

DYNAMIC WORKFORCE MANAGEMENT

The Group must continuously juggle two major challenges in managing its workforce. First, the Group has to deal with the annual and weekly (working week versus weekend) seasonality of its business which require optimal management of its teams to provide a high standard of service. Second, the Group must provide good coverage of the regions where it operates, which is why it has to have substantial workforce in its Corporate Countries reflective their level of activity.

DISTRIBUTION OF WORKFORCE BY COUNTRY**

Workforce at 12/31	2017	
TOTAL	**8,011**	**100%**
Europcar International, Europcar Groupe and Europcar Lab	341	4%
Shared Services Center	376	5%
Germany	1,662	21%
France	1,441	18%
United Kingdom	1,322	16%
Spain	751	9%
Australia	539	7%
Italy	499	6%
Portugal	377	5%
Ireland	347	4%
Ubeeqo	163	2%
Belgium	129	2%
New Zealand	64	1%

Europcar has also put in place a local managerial structure, favoring human-scale teams and a management that is close to the teams. At December 31, 2017, 1,852 employees were ranked as managers, 28% of the permanent workforce at the Corporate Country head offices and stations.

WORKFORCE DISTRIBUTION MANAGERS/NON-MANAGERS *

Workforce at 12/31	2017	
Managers	1,852	28%
Non-managers	4,822	72%

A CUSTOMIZED RECRUITMENT POLICY

3,181 employees joined the Group this year, among them, 6% were hired after an internship or apprenticeship at Europcar.

HIRINGS AND DEPARTURES OVER THE YEAR **

	2017	
Hirings	3,181	
Number of voluntary departures	1,217	44%
Number of departures initiated by employer	486	18%
Number of departures for other reasons (contract ended, retirement)	1,036	38%

4.3.1.2 Working time organization

To ensure high quality standards irrespective of the intensity of the period and to cover the full schedule to meet our customers' needs at the stations, Europcar uses a variety of employment contracts (permanent, fixed-term, seasonal, etc.) and different numbers of working hours per week (part- or full-time). Work in the Group is therefore organized depending on the local context and business needs of the Corporate Countries, but always complies with local regulations and obligations and the International Labor Organizations Conventions.

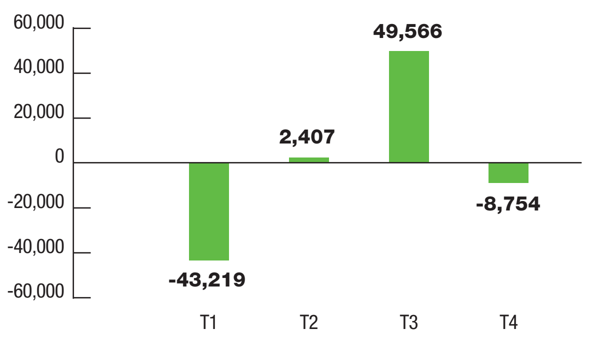
ORGANIZATION OF WORK: KEY FIGURES

	2017
Proportion of permanent part-time employees *	14.4%
Overtime (all types of contracts) (in hours)**	395,922
Number of hours of atypical work (all types of contracts)**	263,416
Absenteeism**	4.2%

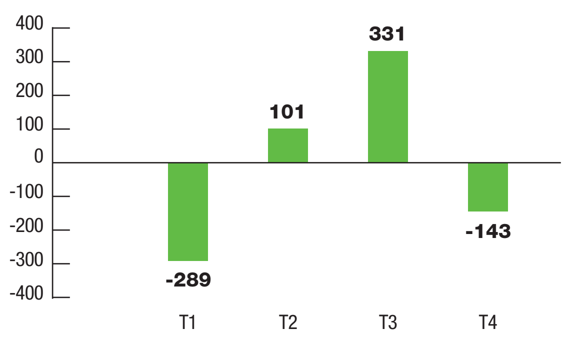
To manage the seasonality of its business, Europcar uses fixed-term or seasonal contracts. Hence, there is a significant correlation between the fluctuation in its workforce and the fluctuation in its fleet over the year. In 2017, the seasonal workforce made up close to 2,200 FTE employees, mainly working in the UK, Spain and Germany.

The two graphs below illustrate the correlation between the number of rental fleet vehicles held and the number of seasonal full time equivalents working during the year. Within the context of a seasonal business such as vehicle rental, the difference in the averages presented below enables their respective changes during the year to be shown in comparison.

DIFFERENCE FROM THE ANNUAL AVERAGE OF THE FLEET



DIFFERENCE FROM THE ANNUAL AVERAGE OF THE FIXED-TERM AND SEASONAL HEADCOUNTS



The Group also wants to encourage new forms of working time organization wherever possible to make the work more flexible and improve the quality of working life for its employees. To do this, Europcar is progressively putting in place teleworking arrangements for employees based in head offices. These arrangements have already been introduced within the Group Holding Company and in Germany, Spain, Belgium, and within Ubeeqo. They are also in pilot programs within Europcar Italy through the dedicated "Smart working" program.

4.3.1.3 Promoting diversity

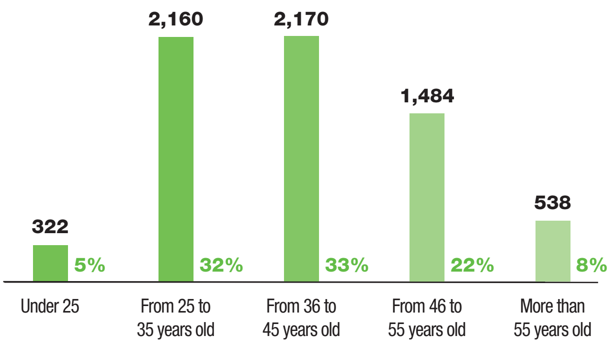
Europcar has made the promotion of diversity one of its main commitments as a responsible employer. Whether in its Holding companies or Corporate Countries, the Group believes that it is essential for teams to reflect the diversity of expectations and consumption habits of its customers, in order to offer them better tailored mobility solutions. Accordingly, Europcar seeks to promote complementarity among its employees, without distinction of age, gender, ability, sexual orientation or origin and is putting in place an ambitious diversity promotion program to further strengthen this initiative in each of its Corporate Countries.

Europcar France and the Group holding company Europcar International are partners in the charity "*Nos Quartiers ont des Talents*" ("Neighborhoods have got talent"). This charity helps young graduates from disadvantaged backgrounds enter into employment, if they have 4-5 years college-level studies, by arranging mentoring between employees and young graduates.

At end-2017, Europcar International S.A.S.U. also joined the *Les entreprises pour la Cité* network, supporting the struggle against inequalities, employment for all and diversity at work by swapping best practices among companies.

Distribution of workforce by age*

Workforce at 12/31/17



About two-thirds of the permanent workforce are between 25 and 45 years old. About 55% of the permanent workforce have over six years' seniority.

ANTI-DISCRIMINATION

Wherever it operates, Europcar commits to respecting local anti-discrimination laws and regulations and to prevent all associated forms of provocation, harassment or intimidation. This commitment was reaffirmed in 2016 with the publication of the Group's Ethics Code, which summarizes Europcar's expectations on anti-discrimination. The Code was communicated to all employees and interested stakeholders.

The Group, as required by law, undertakes to regularly communicate within the Group and to train its employees in the principles of non-discrimination whether in the hiring process or in the day-to-day life of the Company. Most Corporate Countries also have formalized internal anti-discrimination policies.

GENDER EQUALITY

Europcar pays close attention to equality within its teams and monitors the accessibility of jobs to women and men alike, both at the recruitment stage and during their subsequent careers within the Group. This commitment is affirmed and communicated in the *Group Ethics Code*, which states that gender can never be a criterion for selection, promotion or compensation at Europcar.

The Group's efforts to promote gender equality are reflected in the Group's consolidated figures, in its overall workforce and in its management teams or governance bodies, all of which have high rates of women's representation.

Europcar is ranked in the Top 20 for women's representation in management 2017

The fifth study conducted by Ethics & Board for the French secretariat responsible for gender equality highlighted Europcar's progression in ranking in female representation in management, from 70th in 2016 to 19th in 2017. This recognizes the number of women in its management teams and executive bodies (Board, Executive Committee, Top 100 managers, etc.).

Gender breakdown	Headcount at 12/31/2017	
Men**	4,294	53.6%
Women**	3,717	46.4%
Male managers *	1,106	59.7%
Female managers*	746	40.3%
Men on the Management Board	2	67%
Women on the Management Board	1	33%
Men on the Supervisory Board	6	60%
Women on the Supervisory Board	4	40%

4.3.2 Labor policy to promote good talent management and well-being at work

4.3.2.1 Labor policy

Europcar has based its labor policy on four issues that the Group considers a priority and on which it seeks to take a pro-active stance everywhere it operates: employee relations, health and safety at work, well-being at work and skills development.

The Group operates in eight European countries as well as Australia and New Zealand. It therefore has to deal with many and varied local labor laws which in many cases are stricter than the directives of the ILO, which it applies and whose tenets were written into the Group's Ethics Code published in late 2016. This year, aside from a few individual cases, the Group has not been penalized for breaches of labor laws in any of the countries where it operates.

Labor relations and collective bargaining agreements

Labor relations at Europcar are maintained by constant dialogue between the management teams, employees and employee representatives. The Group seeks to promote close relations between managers and their teams to ensure a calm and constructive climate at work.

In every country that has a legal framework for employee relations, Europcar complies with local law and regulations, such as in Germany, France, Spain, Italy and Belgium where relations revolve around the employee representative bodies or works committees. At December 31, 2017, 60% of Group employees were represented by such bodies.

Labor relations on transnational projects are conducted by a European Works Committee, which meets at least once a year and has 14 members (two from each country where Europcar operates). Together, they represent all employees of Europcar's Corporate Countries.

Where labor relations are unregulated, dialogue is conducted *via* regular team meetings, annual conferences, employee surveys or monthly newsletters. This is the case in Australia and New Zealand.

To assess the working climate, the Group has since 2015 carried out an employee survey in most Corporate Countries. This internal indicator is based on a questionnaire sent out to employees asking them to report their level of satisfaction on a scale from 1 to 10. Results are consolidated and analyzed by Human Resources before being passed on to the General Manager in each Corporate Country.

In 2017, 12 collective bargaining agreements were signed and 58 were active at December 31, 2017, covering a diverse and varied range of issues including working time organization and compensation.

Health and safety policy

The Group seeks to promote the health and safety of its employees wherever it operates. Its ambition is to maintain its current low frequency and severity rates for accidents at work. During 2017, 5 collective bargaining agreements on health and safety at work were signed and 9 were active at December 31, 2017.

Workplace accidents	2017
Number of workplace accidents**	212
Number of days lost time due to workplace accidents**	3,563
Number of fatal workplace accidents in the year**	0
Workplace accident frequency rate**	14.5
Workplace accident severity rate**	0.2

Europcar's business does not in principle cause any specific professional illness. The Group is, however, conscious of the potential for health and safety risks and possible dangers to its employees as a result of harsh working conditions for its employees in different roles (psycho-social risks, muscular-skeletal disorders, cold, noise, etc.). In all its Corporate Countries, the Group complies with local laws and regulations on health and safety at work and sets up dedicated committees where required.

To prevent and reduce risk factors, the Group introduced mandatory wearing of individual protective equipment in-station and put in place the regulatory, standardized and/or pro-active measures listed below:

- regulatory measures: in every country where these issues are regulated by law, the Group complies with the prescribed requirements for committees or other dedicated structures (frequency of meetings, reporting and sharing of data, etc.). These measures affect French and Belgian entities and cover 24% of the Group's employees. In France, the Group subsidiaries affected also have an obligation to keep an updated Single Risk Assessment Document, listing and quantifying potential risks linked to their business and preventative actions taken;
- normative standards and independent third parties: when these points are not governed by local regulations, Europcar has initiated, depending on the country, either a certification process or partnerships with third parties to define health and safety policies. Europcar Spain, for instance, has OSHAS 18001 (1) certification and Europcar Portugal uses a specialist organization to assess risks, upgrade working spaces and raise awareness among employees;
- proactive measures: in all other Corporate Countries, dedicated procedures have been put in place to evaluate, analyze and prevent risks to health and safety at work. In the UK, for instance, procedures are documented and disseminated in a House Book, and in Australia and New Zealand regular inspections are carried out and training is provided to all employees upon joining the company.

Compensation policy and social security

Europcar plans to offer each of its employees compensation based on individual and collective performance and to structure its compensation policy in accordance with local regulations and collective bargaining agreements in each Corporate Country, basing compensation on internal salary scales or the local jobs market.

For many of its employees, the Group has imposed a three-part pay scheme comprising fixed compensation, individual variable compensation based on monthly, quarterly or annual targets depending on the country and role, and a collective compensation component based on Group performance.

In 2017, the Group's total wages and salaries was €308 million (compared to €254 million in 2016). The ways of reporting variable compensation depend on the country. Accordingly, the amount of wages and salaries may, according to the country, include compensation for overtime and/or atypical hours.

Benefits**	2017
Number of employees covered by non-obligatory health insurance	3,145
Number of employees covered by non-obligatory death and disability insurance	5,594
Number of employees covered by non-obligatory retirement insurance	2,187

Europcar complies with all local regulations and obligations in each country where it operates and with any internal and collective bargaining agreements on social security cover whatever the local criteria (age, seniority, type of contract, etc.). Wherever required by law, the Group provides solutions that at least match, and where possible exceed, legal requirements to promote loyalty among its employees. Beyond its legal obligations, Europcar provides non-obligatory health insurance for 39% of its employees and non-obligatory death and/or disability insurance for 70%.

Linking employees to company performance

At end-2016, Europcar established an employee shareholding plan enabling employees to become even more involved in the Company's performance. At December 31, 2017, 2,356,134 shares were held by employees, representing 1.46% of the Europcar Group share capital.

4.3.2.2 Develop talent and support the career of employees

Europcar sees talent management as a key factor in performance and a way to deliver ever more innovative mobility solutions at a continuous high standard of service to its customers. To achieve this, the Group seeks to support employees throughout their career and offer all of them the opportunity to develop their skills through dynamic training policies.

(1) OHSAS is an international standard for managing workplace health and safety.

To provide a stimulating work environment where employees can flourish professionally, Europcar develops training policies designed to reconcile three points:

- the needs and aspirations of employees as defined at the start of each year in individual interviews;
- strategic developments in the Group and its markets which may require the mastering new business skills;
- legal and regulatory obligations that may make it necessary and/or obligatory to train employees in specific issues, particularly in the area of health and safety at work.

There are many training themes which are tailored to each specific role in station or in head offices. These may relate to health and safety at work (accidental spillage in stations, first aid, etc.), management, foreign languages, professional skills (selling, e-commerce, marketing, etc.) or IT and digital tools.

Most Corporate Countries also have formal training plans and sometimes a dedicated team, as is the case in the UK, or internal trainers, as in Europcar Belgium.

These training sessions are delivered in a variety of forms (face-to-face, e-learning, etc.) to ensure they reach as many people as possible.

Training	2017
Number of employees trained**	6,384
Number of training hours**	83,942
Number of employees trained among the seasonal workforce	1,365
Number of training hours for seasonal workforce	10,574
Number of apprentices and interns recruited	473

In 2017, 80% of permanent and non-permanent employees received at least one training course during the year. The total number of training hours delivered by the Group increased by 13% compared to 2016 (73,961 hours). The recruitment of apprentices and interns also forms part of the Group's commitment to promoting access to employment for young graduates. This year, 473 apprentices and interns were recruited in the Group and 40% were subsequently hired on permanent or fixed-term contracts.

The Group also formalized procedures for individual face-to-face interviews in each of its Corporate Countries to collect information and discuss the training needs of its employees and gauge their level of commitment and professional development.

Europcar University, an e-learning program for employees of Europcar Australia and New Zealand.

Each new recruit to Europcar Australia and Europcar New Zealand go through the "Europcar University" online training program, which includes seven mandatory training modules on fundamental issues in the Group's business (induction program, vehicle rental fundamentals, health and safety, road safety, anti-discrimination, consumer law, etc.).

4.4 EUROPCAR ACTOR IN THE FIGHT AGAINST CLIMATE CHANGE

Europcar is aware of global environmental issues, particularly those affecting the transportation and mobility sectors, responsible for around 30% of global greenhouse gas emissions. Although not involved in industrial activities, the Group believes it has a role in combating climate change and seeks to play an active part in the transition to a low carbon world.

The Group's aim is to encourage, everywhere that it operates, vehicle use over ownership. The functionality economy is at the heart of its business model, allowing it to reduce the use of natural resources in vehicle manufacture and hence the associated greenhouse gas emissions.

As a mobility promoter, Europcar is attentive to all direct and indirect environmental consequences, both external and internal, that could affect its total environmental impact and its business in the broadest sense. For this reason, the Group started implementing its Low Carbon strategy in late 2016. This strategy seeks to better measure and limit its total carbon footprint, seen as the main environmental issue for a mobility promoter like Europcar.

Part of its thinking on environmental policy revolves around efforts to cut its greenhouse gas emission. But the Group also plans to manage all its environmental risks and aims to step up actions and initiatives on a broad front, in particular through:

- regulatory compliance;
- reducing water and energy consumption;
- reduction and treatment of waste products.

Through "Commit Together!", Europcar has defined concrete commitments and ambitious targets for reducing Europcar's environmental impacts. These are as follows:

Commit ***Together! objectives***	**2015**	**2016**	**2017**
Objective 2020 No. 11 Put in place a global eco-driving awareness program	Eco-driving advice online and in stations	Eco-driving advice online and in stations	Eco-driving advice online and in stations
Objective 2020 No. 12 Continually increase the distance our customers travel in hybrid and electric vehicles.	11.4 million km	34.4 million km	35.6 million km
Objective 2020 No. 13 Achieve target of 20% of vehicles washed without water or movement			13% or nearly 94,000 cu.m. and 308 teqCO2 avoided
Objective 2020 No. 14 *Invest in new and higher performance mobilities*	€26.0M	€21.9M	€27.5M
Objective 2020 No. 15 100% *of operating subsidiaries will have launched ISO 14001 certification*	78% (7/9)	78% (7/9)	73% (8/11)

The Operating subsidiaries combine the Corporate Countries as well as any other Group subsidiary whose "operational" business is vehicle rental or mobility solutions.

4.4.1 Group environmental policy and organization

4.4.1.1 Roll out a global environmental policy

In a pro-active process, Europcar plans to roll out a global environmental policy in all its operational subsidiaries using its Low Carbon strategy, which seeks to balance operational performance, economic success and combating climate change.

This strategy has been approved by Group General Management and covers all significant environmental issues (identified in the environmental impact audit carried out in late 2016 by the Carbone 4 agency) and all departments and sites that may be affected.

THE LOW CARBON STRATEGY

1 Reduce the GHG emissions linked to the use of vehicles

- **Offer an range of vehicle equipped with the newest technologies** (consumption & emissions)
- **Promote eco-driving all along the customer journey**

2 Develop new & less polluting mobility offerings

- **Develop our offer of hybrid and electric vehicles when possible**
- **Increase use of more efficient way for "Delivery and Collection"**

3 Promote innovation & share best environmental practices

- **Reduce the environmental footprint of our stations** (water, energy, etc.)
- **Share best environmental practices and promote innovation and new mobilities**

The Group's ambitions include:

- raising employees' awareness of the importance of considering environmental issues in every aspect of each of its businesses;
- putting in place the environmental policy and objectives set by each Corporate Country, then rolling them out to the franchise network;
- monitoring implementation of the environmental policy by annual reporting at the Group level and oversight of periodic local indicators;
- ensuring motivation, skills and training of teams.

The Group has also included ISO 14001 certification in environmental management among the CSR Fundamentals being developed at the Corporate Countries. This management system currently covers head offices and pilot stations in the Group. It further deepens and extends the actions taken to reduce the Group's environmental impact in stations through regular audits by external certifying bodies. Best practices and actions taken in the certified stations are subsequently collected and analyzed with a view to wider deployment throughout the networks.

4.4.1.2 Organization of the Group and training related to the environment

The Group's organization for dealing with environmental issues is based on local CSR correspondents (one for each Group entity) who are responsible for local implementation of Group environmental policy and the corresponding action plans. Depending on the Corporate Country concerned, environmental or certification managers monitor compliance with local regulations, certification work, procedures to address potential environmental risks and awareness-raising and training in local environmental issues.

Group General Management makes sure that Group expectations are appropriate to the context of each Corporate Country and that all employees are aware of the environmental policy. It also ensures that all affected departments seek to constantly improve the environmental impact of their business. Local awareness-raising actions and training are carried out in-house, either face-to-face or through e-learning. In Europcar Belgium, for instance, new recruits are made aware of environmental concerns during their Welcome Day. In some Corporate Countries, employees have dedicated e-learning modules such as Australia and New Zealand *via Europcar University*, or website tools such as those in Italy, Germany and France, as well as special events such as the UK's Green Month.

In 2017, the provisions and guarantees for environmental risks amounted to €11,000, which was a non-material amount for the Group. The Group was not subject to any adverse judgments or fines on environmental matters during the year.

4.4.2 Act to promote sustainable mobility through all stages of the customer journey

Europcar's environmental impact derives from its direct activities (administration, transporting the fleet, preparing and cleaning vehicles in-house, etc.), its sub-contractors (repair, preparation and cleaning of vehicles by service providers, etc.) and its customers (vehicle use, fuel consumption, etc.).

4.4.2.1 Carbon footprint and sustainable mobility

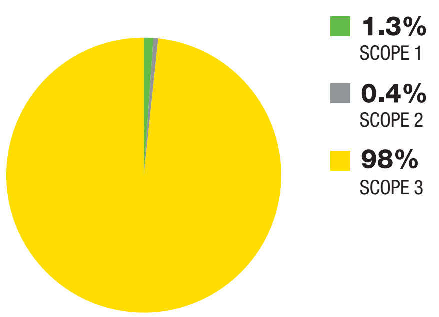
The Carbon balance sheet below breaks down Europcar's GHG emissions by source: direct emissions (*Scope 1*), indirect emissions (*Scope 2*) related to energy consumption, other indirect emissions (*Scope 3*).

GHG EMISSIONS BALANCE SHEET

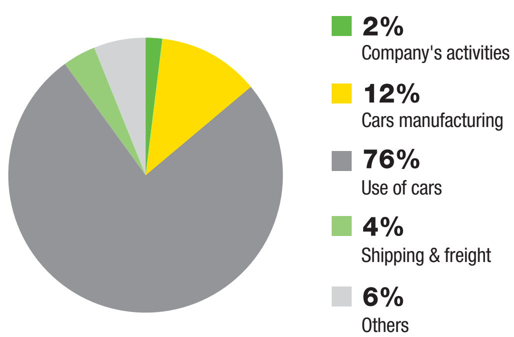
In CO_2 t eq.	2017	Coverage Rate
Scope 1	**25,585**	**75-99%**
Scope 2	7,098	91%
Total scopes 1 & 2	32,683	75-99%
Estimate Scope 3 (on the basis of the Group's carbon footprint broken down below)	1,634,115	75-99%

To appreciate Europcar's whole carbon footprint and identify then prioritize potential responses, the Group prepared a balance sheet of its GHG emissions at end-2016 in collaboration with the Carbone 4 consulting firm. This gave the Group a more detailed picture of its sources of emissions and the scope it has to reduce them.

GHG EMISSIONS BALANCE SHEET SCOPE: BREAKDOWN BY SCOPE



GHG EMISSIONS BALANCE SHEET SCOPE: BREAKDOWN BY SOURCE



Study conducted by the Carbone 4 consulting firm at end-2016

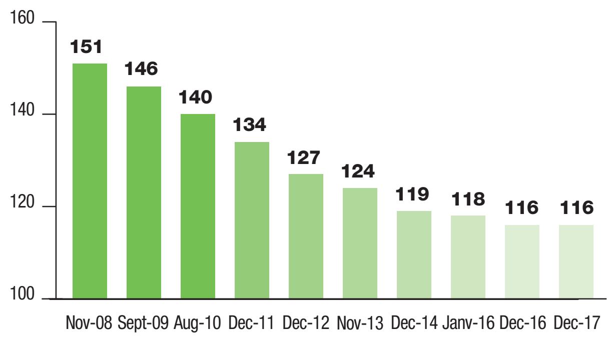
The main source of greenhouse gas (GHG) emissions, the use of vehicles by customers is seen as the Group's top priority to reduce its global carbon footprint even though these emissions are booked under "other indirect emissions" (*Scope 3*). Fuel burnt by vehicles being driven by customers makes up 75% of the Group's total GHG emissions, which is why the Group is keen to promote "sustainable mobility" at all stages of the customer journey.

4.4.2.2 Combating climate change at every stage of the customer journey

Offer recent vehicles

Thanks to its **business** model based on buy-back contracts (carmakers buy back their vehicles after a set period), Europcar's vehicle fleet comprises recent models (less than 10 months on average), which meet the latest standards for fuel consumption and GHG emissions. At December 31, 2017, average CO_2/km emissions were 116g, stable with respect to 2016.

CO_2 EMISSIONS OF THE AVERAGE FLEET (GCO_2/KM)



Make customers aware from the time of reservation

As soon as customers reserve a car, Europcar invites them to choose their vehicle on environmental criteria by highlighting the CO_2 emissions of each model offered for rent when selecting the vehicle on the Group websites. This information is complemented by an indicator scored from A to G (similar to an energy rating where "A" has the lowest impact). This is accompanied by a color coding for clear and quick identification of the greenest vehicle.

Before picking up the vehicle, Europcar wishes to give its customers all the information necessary to promote responsible behavior on the road and eco-driving so as to reduce the environmental impact of their journeys. Depending on the Corporate Country, the Group communicates online, *via* newsletters and advice, and in-station, *via* posters.

At the end of the rental, the customer can check the theoretical carbon footprint of their journey on the bill. It is calculated by multiplying the number of kilometers traveled by the average emissions in the vehicle being driven. In Australia and New Zealand, Europcar also offers an emissions offset scheme, which plants trees in partnership with the Australian NGO Greenfleet. Since 2007, this partnership has led to the planting of more than 158,000 trees. The initiative is currently being adapted by other Corporate Countries.

A mobile application to promote eco-driving throughout the rental.

In summer 2017, Europcar tested smartphone applications to promote eco-driving with a panel of volunteer employees as a trial for their eventual use by customers. Employees of the Group Holding Company and at the head offices of Europcar Spain and Europcar France were invited to use a mobile application to collect information on their driving habits (style, speed, braking, etc.) during normal driving. The testers were able to get personalized tips after each journey to improve their driving and cut their fuel consumption and the associated CO_2 emissions. After a month-long trial the results were positive. More than half the testers said they had improved their driving thanks to the self-assessments and advice the app gave. Over 65% of volunteers thought it adds value for Europcar customers.

4.4.2.3 Promoting innovation and developing new higher performance mobilities

Europcar is also committed to offering an ever-wider range of very low emission mobility solutions as another way to cut the carbon footprint from using its vehicles. In 2017, more than 35 million km were driven by Europcar customers in electric and hybrid vehicles, a 3% increase from 2016. The Group believes that it could raise the proportion further and has set a target of constantly improving the rate of use of green vehicles by running specific sales and marketing actions.

Among these initiatives is the 2015 acquisition of E-Car Club, an electric car-sharing start-up. It has also acquired the first hydrogen powered vehicles for its Brunel brand at end 2016. Both initiatives are in the UK. More recently, Europcar Portugal and Europcar Belgium launched new very low-emission mobility offerings. In Portugal, 16 stations, mostly in towns, now offer bike and scooter rentals. In Brussels, a partnership was struck in 2017 with start-up Scooty (self-service electric scooter sharing) offering cross-discounts to customers when they reserve scooters *via* Scooty or vehicles *via* Europcar.

In New Zealand, Europcar launched the Electric Day Pass (EDP) in partnership with Volkswagen, an innovative program that lets business customers traveling regularly to and from Christchurch, Wellington and Auckland airports to rent electric vehicles free of charge on the day they travel to one of these cities.

Reduce the carbon footprint of deliveries

For many years the Group has been experimenting with new ways of delivering its vehicles in its Delivery and Collection (delivery and collection of rental vehicle services). Europcar has tested bicycle delivery in eight German towns, which means a single employee can deliver or collect a vehicle in town and make the other half of their journey on a bike that can be folded and stored in the trunk. In Lisbon and London, electric vehicles in Europcar's colors can be used to provide the same service.

4.4.3 Improve the Group's direct environmental impact

Aside issues relating to GHG emissions by its vehicles, the Group is also taking action at all stages of its life cycle to cut its direct environmental impacts, notably in-station where these impacts are the most significant. Three environmental issues are being particularly targeted: water consumption, energy consumption and production and treatment of waste.

In terms of its ground footprint, the Group has areas used permanently for head offices and the network and parking lots are actively managed according to the activity. The orders of magnitude and the types of area occupied by the Group (basement or on an upper level) are not such as to make ground usage a significant issue for the Group in terms of environmental impact.

ENVIRONMENTAL IMPACT: KEY FIGURES*

	2017	
	Consumption	**Coverage Rate**
Water *(cu.m.)*	549,531	81%
Electricity *(MWh)*	19,969	91%
Renewable energy *(MWh)*	5,898	91%
Natural gas *(MWh)*	7,084	75%
Total energy excluding fuel *(MWh)*	32,952	75%
Fuel consumed internally *(L)*	7,939,228	97%

All figures presented above are for the Group's direct in-house consumption. They cover the Corporate Countries scope and do not include the franchise networks nor the suppliers (who are outside the scope of the annual CSR report).

The costs related to water and energy consumption are, for a number of stations, included in the premises' rental charges, and it is difficult to obtain more detailed information. The data presented above concerns 100% of the head offices and at least 75% of the directly-owned statiosns. This de facto entails a coverage rate [1] of below 100%.

Vehicle washing, an environmental priority for the Group

Vehicle washing consumes large quantities of water but also of energy and chemical products. It is done either in-house by the Group's vehicle preparers when stations have dedicated facilities or outsourced when there is no in-station car wash. Although the Group operates in a number of countries normally considered "hot" or vulnerable to water shortages, the Group has no restrictions on the water that it can use, other than restrictions that could be imposed in Belgium by the Government during exceptional periods. In addition, no penalty was levied on Europcar for water use in 2017.

(1) For more information on the coverage rate, see the methodology note at the end of the Chapter.

In 2017, Europcar consumed 549,531 cu.m of water, of which 94% was in station, generally linked to vehicle washing before each rental. To cut its water consumption, the Group launched the No wet wash initiative to reduce the number of vehicles "going through" automatic vehicle washes. Stations check at the end of each rental whether the vehicle needs a full wash or if a dry manual wash would be enough, thus optimizing their water and energy consumption and reducing the need to move vehicles. At December 31, 2017, the program was rolled out in 230 stations in Europe, saving nearly 94,000 cu.m of water and 307 metric tons of CO_2 between April and December 2017.

The Group also equipped some of its stations with water recycling systems to limit the water taken from the supply network. These measures are in place in around 5% of stations with vehicle washing facilities and save 70-80% of the water used to wash vehicles in these stations.

Promote environmental best practices and limit risks

Fuel storage is considered the Group's main environmental risk factor. It pays particular attention to maintaining its tanks and warning systems (leak detectors, alarms) and in training its teams to prevent leaks and how to respond in the event of an accidental spill. All Group facilities comply with local regulations on storing and operating fuel storage tanks. ISO 14001 certification is also a Group priority to strengthen its actions in leak prevention and to train personnel in the event of an incident. At December 31, 2017, the Group had 479 fuel storage installations (214 tanks and 265 fuel pumps) and 64% of the tanks had double bottoms. No leaks were recorded in the course of the year.

Wherever it operates, Europcar aims to promote environmental best practice, particularly when it comes to action to cut energy consumption and improve waste treatment.

WASTE TREATMENT*

	2017	
Metric tons	**Consolidated Group Data**	**Coverage rate**
Quantity of dangerous waste produced	500	63%
Quantity of dangerous waste recycled	419	63%

Waste produced by the Group can be classified into two categories (hazardous and non-hazardous). Classification and treatment depends on local regulations that the Group conscientiously complies with at each of its Corporate Countries through special local procedures and the ISO 14001 environmental management system. Food waste is not a big issue for Europcar and this is why no specific action has been taken to reduce food waste.

Regarding waste classified as "hazardous", the Group basically generates IT waste, toners, neon tubes, batteries and waste sludge from the stations' hydrocarbon separators. "Non-hazardous" waste is mainly office waste and paper.

Several pilot initiatives have been launched to constantly increase the recycling rate of waste produced by the Group and promote a circular economy for their treatment. To this end, Europcar France for instance started sorting waste in its biggest stations, which has allowed it to recycle most of the waste produced through dedicated channels.

Furthermore, a procedure is deployed within the Group to increase the life of computer equipment and promote their recycling through the Group IT Department.

DEMATERIALIZING THE CONTRACT SIGNING PROCESS: THE SIGN ON GLASS PROJECT.

In New Zealand and Australia, the Group launched its "Sign on glass" initiative to speed up and dematerialize the process of signing rental contracts in station, previously done on paper. In 2017, four pilot stations were chosen to test the project. They offered customers tactile tablets on which they could sign their rental contract directly on the screen and would then receive an emailed copy. There were many benefits to this system: customers spending less time in the station, substantial energy savings (printers, IT equipment, etc.), reduced waste (toner, paper, etc.). The Group estimates this initiative will save around 13 metric tons of paper a year in Australia and New Zealand alone. This is part of the Group's drive to make its stations paperless.

In 2017, the Group consumed 5,898 MWh of renewable energy in its stations (60%) and head offices (40%) in all the Group's Corporate Countries. Aware of the issues linked to its energy consumption and the GHG emissions it generates, Europcar seeks to constantly increase the percentage of renewable energy in its consumption. All its sites in Germany, Italy and France are wholly powered by renewables which means 18% of the Group's total energy consumption was from renewable sources at December 31, 2017.

Europcar also wants to optimize energy consumption wherever it operates by encouraging best practices, particularly in its station networks but also in its offices. Stations undergo regular energy audits, notably when qualifying for or renewing their environmental certifications. Among other points, these can identify new areas for improvement and design action plans to be tested in pilot stations and rolled out to the network if successful. Europcar UK, for instance, has launched a 5-year plan to replace all standard lighting with LEDs throughout its stations, due to be completed in 2021.

Since 2017, the Company cars within Europcar International S.A.S.U. are finally being gradually replaced by hybrid models, thus reducing fuel consumption.

04

4.5 EUROPCAR CREATOR OF SHARED VALUE

Europcar is committed to being a creator of shared value by promoting business ethics in the exercise of its business and applying a responsible purchasing policy. The Group also has the ambition of deploying its "*Commit Together!*" corporate social responsibility policy throughout its value chain, particularly in its worldwide franchise network.

Commit Together! **objectives**	**2015**	**2016**	**2017**
Objective 2020 No. 16 *Include franchises in the Group's Commit Together! policy via a dedicated program*	/	/	Sensitivity training and consultation of 100% of the franchisees
Objective 2020 No. 17 *100% of "at-risk" suppliers engaged in an improvement plan*	/	Supplier risk map	Roll-out of the Group's responsible purchasing policy
Objective 2020 No. 18 *100% of managers trained in business ethics and the fight against corruption*	/	/	Launch of first training modules
Objective 2020 No.19 *Include CSR and Group Ethics Code clauses in all new franchise and supplier contracts*	/	OK	OK
Objective 2020 No. 20 *Continuously improve non-financial ratings*.	/	/	OK

4.5.1 Support franchise networks in adopting environmental and social best practice

To make its impact as extensive and positive as possible, the Group believes it is essential to share its *Commit Together!* policy with its franchisees and that environmental and social best practices are applied to their businesses. The ambition is to make corporate social responsibility a new pillar in the franchiser/franchisee relationship through specially developed awareness, training and support programs. Since the end of 2016, any new contract between the Group and a franchisee includes a specific clause on compliance with the commitments in the *Group Ethics Code*, including in particular respect for human rights, the ILO Conventions, the UN Global Compact and environmental protection.

Raise awareness and understand franchisee expectations regarding corporate social responsibility

Europcar wanted to focus the first stage of its action plan on raising awareness of CSR issues among its franchisees and consulting them on their expectations of the Group. In 2017, special CSR awareness modules were systematically delivered at Regional Franchise Conferences, attended by franchisees throughout the year depending on their geographical region.

Over the year, the Group also held a major international consultation asking its franchisees about their expectations in terms of CSR and seeking to identify the best levers for improvement and what might be done to better support them in implementing the *Commit Together* process in their businesses. More than a third of franchisees took part. A majority of respondents said they had already initiated a CSR policy or actions. Expectations of the Group mainly concerned: the creation of materials or communication campaigns to raise awareness in the networks and with customers, provision of tools to collect and share best practices across the network or the availability of specific training modules. 2018 will be devoted to launching actions to support franchisees to become real ambassadors for the *Commit Together!* process throughout the world.

4.5.2 Develop a responsible purchasing policy

4. 5.2.1 Favor local suppliers and sub-contractors

Purchases constitute one of the key issues for Europcar to achieve its strategic objectives and regarding the quality of mobility solutions offered by the Group. The Group's intention is to maintain stable relationships with suppliers wherever it operates by promoting dialogue and by regularly assessing the supplier's revenue from Europcar to avoid any dependency risk.

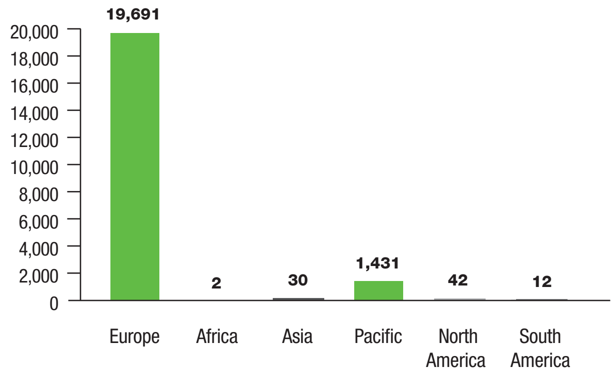
The Group has organized its purchases into two broad categories. On one hand, the *Fleet* management department manages vehicle purchases from recognized manufacturers as well as the expenses of putting them in service (registration, insurance, etc.). They are not discussed in this chapter (see Section 1.6.8 "*Group Suppliers*" in this Registration Document).

On the other hand, the *Group Purchasing* department, through its network of local buyers in each of the Corporate Countries, is responsible for day-to-day purchases, equipment purchases and meets the operational needs associated with maintenance and care for the vehicles in the station networks. They concentrate a large portion of the potential risk factors related to Europcar's supply chain; a dedicated policy has been formalized within the Group.

In cooperation with all the buyers in the Corporate Countries, the Group has therefore defined its purchasing policy, excluding fleet, along three dimensions; "operational excellence", "corporate social responsibility" through the launch of a responsible purchasing policy (see *4.5.2.2 "Responsible purchasing policy"*).

By the nature of its business, Europcar makes the vast bulk (99%) of its non-fleet purchases in the geographical regions where it operates, making it a major provider of local employment. Few purchases are made outside the Group's direct operations: 0.7% of the purchases are made in North and South America, 0.3% in Asia, which limits the potential for social risks.

NUMBER OF DIRECT SUPPLIERS



The purchases, excluding fleet, represent approximately 25% of the Group's annual consolidated revenue. The Group has a great many contracted suppliers (over 21,200 at December 31, 2017). Most are local, as this allows the Group to monitor the smooth running of the station networks in Europe, Australia and New Zealand. Approximately 60% of the non-fleet purchases are made within the network of stations and relate to activities to repair, prepare or transport the vehicles for geographical redistribution. At head offices, purchases mainly relate to the rental fleet, insurance and IT equipment.

4.5.2.2 Responsible purchasing policy

The Group wants to be a creator of shared value with its commercial partners by focusing particular attention on their appreciation of the social and environmental aspects and issues in their businesses. Europcar is aware of the numerous regulatory and legal changes to which it must respond and takes immediate action to comply with them. Even though the Law on the Duty of Vigilance is not applicable this year, the Group is already working on its compliance through its responsible purchasing policy and will publish its vigilance plan in 2018.

In 2016, Europcar launched a responsible purchasing policy developed jointly between the Group Purchasing, excluding fleet, and CSR departments. Beyond meeting its legal and regulatory obligations, the objective of this approach is to anticipate and minimize the risks that can arise in the Europcar value chain and support suppliers to better acknowledge the CSR criteria in their practices and offers. The approach is communicated to all the buyers in the Corporate Countries through regular contacts and the Group Purchasing blog.

Over the past year, Europcar has systematically included in all its tender offers and contracts a clause which requires compliance with the Group's Ethics Code, in which are listed all its expectations with regard to the respect for Human Rights, International Labour Organization conventions (concerning in particular the fight against forced labor, child labor and discrimination), the fight against corruption as well as the preservation of the environment in the performance of their activities. Lastly, the Group makes compliance with local laws and regulations a prerequisite for any commercial relationship.

After an awareness-raising seminar at the end of 2016 for all the buyers in the Corporate Countries, the Group produced a risk map by category of purchases. These first steps have enabled the action plan to be refined (prioritization of the supplier categories to assess, criteria to be used in the assessment, etc.) and the deployment of the approach within the Corporate Countries to be built together.

2017 was devoted to take-up and a deeper understanding of the potential supplier risks by country as well as building and formalizing supplier assessment tools. The large scale deployment of these tools as well as the formalization of a vigilance plan are in the "responsible purchasing" road map for 2018. The objective for 2020 is to commit 100% of suppliers identified as "at risk" by the Group in mitigation plan.

4.5.3 Promote business ethics and combat corruption

4.5.3.1 Promote business ethics

Europcar intends to promote business ethics in all the steps of its value chain and in all its commercial (customers, suppliers, franchisees, B2B customers) and social (employees) relationships. The Group has thus developed a compliance program based on a dedicated organization (comprised of *Compliance* Officers and *a Compliance* Committee) as well as a multi-annual action plan including the main actions to take over three years and reviewed every year. These procedures are described in detail in Section *2.8.1* "*General organization of internal control*" in this Registration Document.

In 2016, the Group published its commitments through the communication of its Group Ethics Code, a single reference document to ensure uniformity and consistency between the practices of the employees and the Europcar's expectations regarding business ethics.

48 commitments and 12 objectives feature in this Group Ethics Code, which formalizes Europcar's requirements regarding in particular respect for national and international regulations and laws, respect for human dignity and rights, preservation of the health and safety of its employees, preservation of the environment, protection of personal data, fight against conflicts of interest, and support for all internal and external initiatives that promote the Group's social and environmental progress. These key principles

are based on a certain number of laws and international references such as the Universal Declaration on Human Rights, the international labor conventions (Nos. 29, 87, 105, 138 among others), the United Nations Global Compact, and the OECD directives for multinational companies.

The Ethics Code was supplemented in 2017 by the anti-corruption guide. This document was completed to make all Group employees aware of the anti-corruption issues. The formalities required by the representative bodies are currently being completed Group-wide to enable the document's inclusion in the Internal Regulation in 2018.

The Ethics Code and commitments, as well as the anti-corruption guide, are going to be gradually issued to all Group employees and be part of the "Welcome Pack" issued to new hires from 2018. The Ethics Code and the commitment are also available online on the Europcar website and included in any new contract entered into between Europcar and its franchisees and suppliers. Specific awareness modules are being prepared. A dedicated e-learning program should be rolled out in 2018 to train all Group employees in these issues.

Europcar has set itself the goal of training 100% of its managers in business ethics and anti-corruption by 2020.

The Group Ethics Code and the Group Anti-Corruption Charter are complemented by a whistleblowing system, Whispli, which allows any practice which might break the law or the Ethics Code to be reported. It will be deployed within the Group during 2018 and supported by dedicated online training modules to ensure good comprehension and adoption by Europcar employees. This program enables the Group to comply with the French anti-corruption requirements of the Sapin 2 Law.

4.5.3.2 Combating corruption

Anti-corruption is also a Group priority, and the Group mapped its potential related risks and identified the most exposed employee populations. This work enabled Europcar to build a set of rules and formalize a specific organization to anticipate and effectively combat any form of corruption.

In addition to the Compliance program and Anti-corruption guide described above, Europcar oversees, through the Group Internal Audit Department, identification and fraud prevention procedures across its entire scope of business.

These measures and the actions implemented are described in greater detail in Sections 1.6.10.5 *"Business ethics program"* and 2.7 "*Ethics and Compliance Program*".

4.6 CROSS-REFERENCE TABLE OF SOCIETAL, SOCIAL AND ENVIRONMENTAL INFORMATION

The reporting indicators used in this chapter correspond to the criteria identified in the non-financial reporting framework of Article 225 of Law No. 2010-788 of July 12, 2010, known as Grenelle II, and the guidelines issued by the Global Reporting Initiative (GRI). They also allow the Group to highlight its commitment to the Ten Principles (Pr.) and Sustainable Development Goals (SDG) of the United Nations Global Compact relevant to Europcar.

	Global Compact Principles (Pr.) / Sustainable Development Goals (SDG)	GRI	Section
GENERAL INFORMATION ON EUROPCAR Name, legal form, location		102-1 102-2 102-3 102-4 102-5	6.1
OVERVIEW OF BUSINESSES Products, services, brands, markets		102-2 102-6 102-7 102-9 102-10	1.3 1.4 1.6
DECLARATION OF THE HIGHEST EXECUTIVE BODY		102-14	4.1
SOCIAL RESPONSIBILITY POLICY		102-15	4.1
MATERIALITY ANALYSIS		102-21	4.1
SOCIAL INFORMATION		102-8	4.3
Employment			4.3.1
Total headcount and breakdown of employees		102-7 102-8 401-1	4.3.1.2 4.3.1.1
Hirings and dismissals		202-2 401-1	4.3.1.1
Compensation and its change		102-35 102-36 102-38 102-39	4.3.2.1
Working time organization	Pr.4		4.3.1.2
Working time organization			4.3.1.2
Absenteeism		403-2	4.3.1.2
Employee Relations		402-1	4.3.2.1
Organization of labor relations	Pr.3	402-1	4.3.2.1
Overview of the collective bargaining agreements		403-4	4.3.2.1
Health and safety			
Health and safety conditions at work		403-2	4.3.2.1
Summary of the agreements signed relating to health and safety at work			4.3.2.1
Workplace accidents and occupational illnesses		403-2 403-3	4.3.2.1
Training	SDG 4		4.3.2.2
Training policies		102-27 404-2 404-3	4.3.2.2
Total number of training hours		404-1	4.3.2.2

	Global Compact Principles (Pr.) / Sustainable Development Goals (SDG)	GRI	Section
Equal treatment	Pr.6		4.3.1.3
Measures taken to promote gender equality	SDG 5	401-3 405-1	4.3.1.3
Measures taken to promote employment and inclusion of disabled persons		405-1	4.3.1.3
Anti-discrimination policy		405-1 406-1	4.3.1.3
Promotion and respect for the provisions of the ILO's fundamental conventions	Pr.1 and 4 SDG 8		4.3.2.1
Respect for the freedom of association and right to collective bargaining		407-1	4.3.2.1
Elimination of discrimination in matters of employment and occupation		406-1	4.3.1.3
Elimination of forced or compulsory labor		409-1	N/A. See Note on methodology
Effective abolition of child labor		408-1	N/A. See Note on methodology
ENVIRONMENTAL INFORMATION			
General Environmental Policy	Pr.7 to 9	102-14	4.4.1
Company organization to take environmental questions into account			4.4.1.2
Training and information regarding environmental protection			4.4.1.2
Resources dedicated to environmental risk and pollution prevention			4.4.1.2
Amount of environmental risk provisions and guarantees		201-2	4.4.1.2
Pollution and Waste Management			
Prevention, reduction or remediation measures for air, water, and soil discharges severely affecting the environment		306-3	4.4.2 4.4.3
Prevention measures, recycling and waste elimination		306-2 306-3 306-4	4.4.3
Taking noise pollution and any other form of pollution specific to an activity into account			N/A. See Note on methodology
Sustainable Use of Resources			
Water consumption and water supply depending on local constraints	SDG 6	303-1 303-3 306-1 306-3 306-5	4.4.3
Consumption of raw materials and measures taken to improve the efficiency of their use		301-1 301-2	N/A. See Note on methodology
Energy consumption, the measures taken to improve energy efficiency and use of renewable energy		302-1 302-2 302-4 302-5	4.4.3
Ground use		304-1	4.4.3

	Global Compact Principles (Pr.) / Sustainable Development Goals (SDG)	GRI	Section
Climate change	SDG 11 SDG 13		4.4
Greenhouse gas emissions		305-1 305-2 305-3 305-5	4.4.2.1
Adapting to the consequences of climate change			N/A. See Note on methodology
Protection of Biodiversity			
Measures taken to protect and increase biodiversity		304-1 304-2 304-3 304-4 306-5	N/A. See Note on methodology
SOCIETAL INFORMATION			
Territorial, economic and social impacts of the Company's activity		204-1 413-1	4.5.1 4.5.2
Regarding employment and regional development		413-1	4.3.1.1 4.5.2.1
On neighboring or local populations			4.3.1.1 4.5.2.1
Relationships maintained with persons or organizations interested in the Company's activity			
Conditions for dialog with these persons or organizations		102-21 102-43	4.2.2.2
Partnership or sponsorship initiatives		203-1	4.5
Sub-contractors and suppliers			
Taking account of social and environmental issues in the purchasing policy	Pr.1, 2 and 5 SDG 8	308-2 408-1 412-1 414-1 414-2	4.5.2.1
Involvement of sub-contractors and consideration of the suppliers' and sub-contractors' corporate social responsibility (CSR)		102-9 308-1 308-2 408-1 412-1 414-1 414-4	4.5.2.1
Fair trade practices			
Action taken to prevent corruption	Pr.10	102-16 102-17 205-1 205-2 205-3	4.5.3.2
Customer safety and protection measures		102-2 416-1	4.2.1
Other actions taken to promote Human Rights			

4.7 METHODOLOGY NOTE

Period and Scope of CSR Reporting

The CSR Reporting period is the calendar year from January 1, 2017 to December 31, 2017.

The CSR Reporting scope covers the Holding Companies (ECI, ECG and Shared Services Center) and the "operational" subsidiaries: Corporate Countries (France, Germany-, UK, Italy, Spain, Portugal, Belgium, Australia and New Zealand) and Ubeeqo. InterRent branded stations are integrated into the Corporate Countries.

It also includes Europcar Lab employees. In 2017, stations and employees of Locaroise, Europcar Ireland, Ubeeqo and E-Car services are also included. The operations of Europcar Denmark, Europcar Luxembourg, Goldcar and Buchbinder which were acquired during the year are however excluded.

The published data are consolidated at Group level, apart from the data on workforce distribution by country. They do not include the franchisee networks.

CSR Reporting Organization

The organization used for CSR Reporting campaign is set out in a protocol showing all the procedures and methodologies of the CSR Reporting campaign. This protocol has been circulated to each CSR Reporting contributor prior to the start of the campaign.

Data collection

CSR Reporting is organized and coordinated by the Europcar CSR Director, Pierre Beguerie, in collaboration with the CSR coordinators in the Holding Companies and Corporate Countries. At the level of each subsidiary, data collection is managed by the responsible teams, and mainly concerns Human Resources, Operations, Fleet and Management Audit teams.

Collection tool

To collect and consolidate the data, and ensure the traceability of the data and processes, Europcar used the online non-financial information collection software, Reporting 21. This software has been deployed in all the entities covered by *CSR* Reporting and has helped around 100 contributors to input the information from the *CSR* Reporting.

Audit and consolidation of the data

Internally

Data are audited at the level of each entity by the teams responsible for reporting the information and by internal audit teams. Automatic consistency checks are carried out by the collection software and then manually by the team charged with analyzing and consolidating data at Group level: comparing data between countries, comparing against historical data, localized control ratios (such as the price of resources). Finally, a part of the data from the Corporate Countries comes from the Shared Services Center, which ensures consistency of data between countries.

Verification of the data by an independent third party organization

Mazars, one of the company's statutory auditors, has been appointed by Europcar as the Independent Third Party Organization to verify the presence and accuracy of the non-financial information presented in the Registration Document, pursuant to the Grenelle 2 legislation (see the report and the opinion on fairness in Section *4.8 "Independant Third Parts (ITP) Report"*).

Choice of indicators

To produce its CSR Reporting, Europcar defined a list of indicators consistent with the themes identified in Article 225 of Law No. 2010-788 of July 12, 2010, the so-called Grenelle 2 Law.

This list contains quantitative and qualitative indicators, broken down into five major categories: Environment, Fleet, Social, Societal and Supply Chain. This enables not only the Group's material issues in terms of compliance and dialog with stakeholders to be covered, but also the baseline information to be collected in order to define and steer an actionable and long-term CSR strategy.

Given the Group's business (non-industrial), its geographic location (European countries, Australia and New Zealand), certain themes from the decree applying Article 225 of the Grenelle Law have been deemed irrelevant in relation to the Group's activity and are not covered by the CSR Reporting indicators:

- The Group does not have set up any measurement and collection procedures for ordinary waste (paper and office supplies);
- nor has the Group set up any measurement and collection procedures for food waste;
- the Group's activities do not generate noise pollution or other specific forms of pollution other than the issues discussed in this Chapter (mainly the use and maintenance of cars);
- the Group does not, strictly speaking, consume raw materials, and the issues related to reducing oil and fuel consumption are discussed in this Chapter;
- the Group has not been impacted to date by the consequences of climate change in its host countries;
- the Group's activities do not directly impact biodiversity;
- the Group does not operate in countries at risk of human rights violations and complies with all local human rights legislation in the countries where it is located (elimination of forced or compulsory labor and the effective abolition of child labor).

Coverage Rate

Given the decentralized structure of the Group (more than 1,100 stations in ten countries), data collection and standardization is a complex exercise.

To consolidate the data and communicate unbiased information, the Group has introduced the concept of coverage rate in its CSR Reporting. This concept enables data to be consolidated solely across the scope where they are available, indicator by indicator, and allows entities (mainly stations) to be excluded from an indicator where the data is not available or not homogenous with the rest of the Group.

The coverage rate is calculated for all the indicators in the social, environment and supply chain categories, starting from the reference indicators:

- permanent and fixed-term workforce as of December 31, 2017 for the social indicator;
- total number of rentals during the year for the environment indicator.

For each indicator in these categories, the contributors provided the scope actually covered by the indicator's value, and the value consolidated at Group level is therefore shown with the exact consolidated coverage rate for each indicator.

For the Chapter as a whole, coverage in respect of social information is 100%. Environmental information corresponds to 100% of the head offices and at least 75% of the directly-owned stations.

Notes on methodology and main limiting factors

The entities included in the CSR Reporting scope are spread across ten countries with substantially different laws and practices.

The choice of indicators and their definitions are discussed upstream with the different contributors from the various entities to achieve indicators that are as closely tailored as possible to circumstances on the ground.

Notes on the definitions of certain indicators

- Unlike the productivity data monitored by the Group, the workforce under the CSR reporting scope includes long-term leave.
- The absenteeism rate excludes maternity and paternity leave.
- The energy and water indicators do not include consumption for vehicle washing by external service providers.

Notes on the greenhouse gas emissions footprint

For CO_2 emissions, the Group's internal consumption of energy was considered (mainly electricity and gas) and fuel (diesel and gasoline). Carbon emission factors specific to each country for electricity consumption were then considered, and the same for the other items. The emission factors used come from the ADEME data.

Without details on the type of renewable energies consumed by the Group, the most penalizing emissions factor among the renewable energy emissions factors has been used, namely the emissions factor related to solar power production.

4.8 INDEPENDENT THIRD PARTY (ITP) REPORT

Report by the independent third party on the consolidated environmental, labor and social information presented in the management report

Report by the independent third party on the consolidated environmental, labor and social information presented in the management report

This is a free English translation of the independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2017

To the Shareholders,

In our capacity as the independent third party, member of the Mazars network, statutory auditors of Europcar, and certified by COFRAC Inspection under number 3-1058 (available the website www.cofrac.fr), we hereby report to you our report on the consolidated environmental, labor and social information for the year ended December 31, 2017, included in the management report (hereinafter the "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code.

Company's responsibility

The Board of Directors is responsible for preparing a management report containing the CSR Information required by Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the CSR reporting guidelines used by the Company (herein after the "Guidelines"), which are summarized in the management report available on request from the Company's headquarter.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of Ethics (*Code de déontologie*) of our profession and the requirements of Article L. 822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Responsibility of the Independent Third Party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Statement regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

However, it is not our responsibility to comment on the compliance with the other applicable legal provisions, where required, in particular those under Law No. 2016-1691 of December 9, 2016, called the Sapin II law (anti-corruption).

Our work involved a team of 6 persons and was conducted between mid-January and mid-February during an approximately three-week period.

We performed our work in accordance with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement, as well as with the professional guidance issued by the French institute of Statutory Auditors (*Compagnie nationale des commissionaires aux comptes* – CNCC) for this type of engagement, and with ISAE 3000 [(1)] concerning our conclusion on the fairness of CSR Information.

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

I - Statement regarding the completeness of CSR Information

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding Human Resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, *i.e.*, the Company, its subsidiaries as defined by Article L. 233-1 and the controlled entities as defined by Article L. 233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in Section "4.7 Methodology Note" of the management report.

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

II - Conclusion on the fairness of CSR Information

NATURE AND SCOPE OF OUR WORK

We conducted about ten interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing, process and control designed for completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the Human Resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important [(1)]:

- at the consolidating entity and the country subsidiary levels, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of the country subsidiaries selected [(2)] by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and we performed detailed tests, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The sample thus selected represents on average 32% of the workforce considered representative of the social component, and between 34% and 64% of the environmental data considered representative [(3)] of the environmental component.

(1) *Social information: Total headcount; Hirings and dismissals; Compensation policy and social security; Compensation and its change; Working time organization; Absenteeism; Workplace accidents; Training policy; Number of training hours.*

Environmental information: Prevention, reduction or remediation measures for air, water, and soil discharges severely affecting the environment; Energy consumption; Waste prevention, recycling and elimination management policies; Greenhouse gas emissions (scopes 1 and 2); Water supply depending on local constraints; Water consumption.

Societal information: Actions taken to prevent corruption.

(2) *Italy, Belgium, United Kingdom, New Zealand and Australia.*

(3) *See Environmental information considered to be the most important.*

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgment, allows us to express a moderate assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

CONCLUSION

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

OBSERVATION

Without qualifying the conclusion expressed above, we draw your attention to the following item:

For the calculation of the Compensation indicator, the Management report states in Section "4.3.2.1 Labor Policy" that the ways in which it reports compensation varies by country. Accordingly, the amount of wages and salaries may, according to the country, include compensation for overtime and/or atypical hours.

Paris La Défense, on February 28, 2018

The Independent Third Party

Mazars SAS

Edwige REY
Partner in CSR & Sustainable Development

CORPORATE GOVERNANCE

5.1 MANAGEMENT AND SUPERVISORY BODIES

On March 9, 2015, the Company changed its legal form to become a public limited company (*société anonyme*) with a Management Board and a Supervisory Board. This involves the separation of the management and executive functions, exercised by the Management Board, from responsibility for oversight, exercised by the Supervisory Board, which oversees the Management Board's running of the Company.

Separating functions in this way ensures an effective balance between the powers of the executive and oversight bodies, in line with the principles of good corporate governance. Prior to this date, the Company was a public limited company with a Board of Directors.

5.1.1 Management Board

Changes in 2017-2018

No change has been made to the Management Board during fiscal year 2017 and up to the date of this Registration Document.

Composition of the Management Board

The table below shows the composition of the Management Board as of the date of this Registration Document and the main positions and offices held by the members of the Management Board outside the Company (both inside and outside the Group) during the last five years.

CAROLINE PAROT CHAIRWOMAN OF THE MANAGEMENT BOARD

Business address:
Europcar Groupe S.A.
2 rue René Caudron,
Bâtiment OP
78960 Voisins-le-Bretonneux

Age and nationality:
46 years old
French

Date first appointed:
03/09/2015

Date first appointed as Chairwoman of the Management Board:
11/23/2016

Date term of office ends:
03/08/2019

Number of Company shares held:
46,051 common shares
528 Class C preferred shares
528 Class D preferred shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies controlled (1) by Europcar Groupe

- CEO of Europcar Holding S.A.S. and Europcar Services, Unipessoal, Lda
- Director of PremierFirst Vehicle Rental EMEA Holdings Ltd (UK)

Positions and offices currently held at companies not controlled (1) by Europcar Groupe

- Member of the Board of Directors of Ingenico

Other positions and offices held over the last five years

- None

MANAGEMENT EXPERIENCE

- Caroline Parot joined the Group in 2011, serving initially as Group management controller (2011-2012) before taking on the role of Chief Financial Officer in March 2012. She served as Deputy CEO, Finance from May 20, 2015, then Deputy CEO from July 22, 2016, before resigning from this role when she was appointed Chairwoman of the Management Board on November 23, 2016.
- Previously, she had occupied the positions of Group management controller (2009-2011) and member of the Executive Committee (2010-2011) with the Technicolor Group, and in particular was in charge of restructuring Thomson-Technicolor's debt.
- She also served as Technicolor's Chief Financial Officer for the Technology sector (2008-2009) and as controller in the Department of Intellectual Property and License Management (2005-2008).
- Until 2005, she was an auditor with Ernst & Young, where she began her career in 1995.
- Ms. Parot holds a DEA in Mathematical Economics from the Panthéon-Sorbonne University and a Masters in Finance from the École Supérieure de Commerce de Paris. She also holds a DESCF (an accounting and financial diploma).

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.

KENNETH MCCALL — DEPUTY CEO - COUNTRIES & OPERATIONS / MEMBER OF THE MANAGEMENT BOARD

Business address:
Europcar Groupe S.A.
2 rue René Caudron,
Bâtiment OP
78960 Voisins-le-Bretonneux

Age and nationality:
60 years old
British

Date first appointed:
03/09/2015

Date term of office ends:
03/08/2019

Number of Company shares held:
25,408 common shares
118 Class C preferred shares
116 Class D preferred shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies controlled (1) by Europcar Groupe

- Managing Director of Europcar UK Limited, Europcar Group UK Limited, PremierFirst Vehicle Rental EMEA Holdings Limited, PremierFirst Vehicle Rental Holdings Limited, PremierFirst Vehicle Rental Franchising Limited, Provincial Assessors Limited
- Member and Chairman of the Supervisory Board of Europcar Autovermietung GmbH
- Member of the Board of Directors of Executive Trust Limited, GoCar Carsharing Limited and Irish Car Rentals Limited, Ostergaard Biler A/S, Buchbinder Holding GmbH

Positions and offices currently held at companies not controlled (1) by Europcar Groupe

- Non-executive Chairman of Sustenir Pte Ltd

Other positions and offices held over the last five years

- Non-executive director of SuperGroup

MANAGEMENT EXPERIENCE

- Kenneth McCall joined Europcar Groupe in November 2010, where he was appointed Managing Director of Europcar Group UK Ltd. He was appointed Chief Operating Officer of the Company on May 4, 2015, then Deputy CEO – Countries and Operations on July 22, 2016.
- Previously, he had served as Chief Executive Officer of DHL Express UK & Ireland from 2008 to 2010, after having served as Managing Director in charge of network and operations at the European level for DHL Express from 2007 to 2008.
- Among his earlier positions, he served as Managing Director of The International Consulting Company (March-October 2007) and as Chief Executive Officer of TNT China (2004-2006), after having held the same positions at TNT Asia/Middle East/Africa/Indian Subcontinent from 1996-2004. He had been with TNT since 1979.
- Mr. McCall completed all of his higher education in Scotland.

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.

FABRIZIO RUGGIERO

DEPUTY CEO SALES, MARKETING, CUSTOMERS & LOW COST / MEMBER OF THE MANAGEMENT BOARD

Business address:
Europcar Groupe S.A.
2 rue René Caudron,
Bâtiment OP
78960 Voisins-le-Bretonneux

Age and nationality:
48 years old
Italian

Date first appointed:
03/09/2015

Date term of office ends:
03/08/2019

Number of Company shares held:
22,408 common shares
234 Class C preferred shares
234 Class D preferred shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies controlled (1) by Europcar Groupe

- Sole Director of Europcar Lab Italy Srl
- Director of Europcar Italia S.p.A.
- Director of E-Car Club Limited
- Director of Go-Car Carsharing Limited

Positions and offices currently held at companies not controlled (1) by Europcar Groupe

- Director of Wanderio S.p.A

Other positions and offices held over the last five years

- Managing Director of Europcar Italia S.p.A.
- General Manager of Leasys
- Member of the Executive Committee of Fiat Group Automobiles Financial Services
- President of ANIASA - National Association for Companies operating in Car&Van Rental and Automotive services

MANAGEMENT EXPERIENCE

- Fabrizio Ruggiero joined the Europcar Group in May 2011 and has served as Managing Director of Europcar Italia S.p.A. and as Head of Mobility Solutions for Europcar Groupe.
- From 2004 to 2011, he was General Manager of the Italian company Leasys, a company controlled by Fiat Group Automobiles and Crédit Agricole and a leader in "long-term commercial" rentals in Italy.
- Also at Leasys, he served as Director of Sales and Marketing from 2005 to 2007 and as Director of Operations from 2004 to 2005. Mr. Ruggiero had previously been a manager of Bain & Company Italy (Rome office) from 2000 to 2004 and a consultant with Accenture (Rome office) from 1997 to 2000.
- He holds a Masters in business management from the MIP Politecnico di Milano (1999) and a management diploma from the Università degli Studi di Roma (1995).

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.

5.1.2 Supervisory Board

The table below shows changes made to the Supervisory Board during fiscal year 2017 and up to the publication date of this Registration Document.

Effective date	Change
05/10/2017	Reappointment of Mr. Philippe Audouin as member of the Supervisory Board
05/10/2017	Reappointment of Ms. Virginie Fauvel as member of the Supervisory Board
07/24/2017	Resignation of Ms. Armance Borde as member of the Supervisory Board
07/24/2017	Co-option of Ms. Amandine Ayrem as member of the Supervisory Board

5.1.2.1 Composition of the Supervisory Board

The table below shows the composition of the Supervisory Board as of the date of this Registration Document and the main positions and offices held by the members of the Supervisory Board outside the Company (both inside and outside the Group) during the last five years.

MR. JEAN-PAUL BAILLY CHAIRMAN OF THE SUPERVISORY BOARD – INDEPENDENT DIRECTOR

Business address:
38 rue Gay-Lussac
75005 Paris

Age and nationality:
71 years old
French

Date first appointed:
06/08/2015

Date term of office ends:
Annual General Meeting called to approve the financial statements for the fiscal year ending December 31, 2018

Number of Company shares held:
500 common shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled [(1)] by Europcar Groupe

- Director and member of the Commitments Committee and the Governance and CSR Committee of Accor Hotels [(2)]
- Director and member of the Audit Committee and the Investment Committee of Edenred [(2)]

Other positions and offices held over the last five years

- Chairman and CEO of La Poste SA
- Member and Chairman of the Supervisory Board of La Banque Postale
- Chairman of the Board of Directors of Post-Immo
- Permanent representative of La Poste on the Board of Directors of Sofipost, Geopost and Post Immo
- Member of the Boards of Directors of Sopasurre and CNP Assurances [(2)]
- Member of the Supervisory Board of La Banque Postale Asset Management

MANAGEMENT EXPERIENCE

- Jean-Paul Bailly has devoted his entire career to public service, by participating in the management and running of two major public companies, the RATP and then La Poste.
- He started his career in 1970 at the Régie Autonome des Transports Parisiens (RATP). In 1978, he became head of Coopération Technique Française in Mexico.
- He joined RATP again in 1982, where he was notably Director of Bus Rolling Equipment, Director of the Metro and RER and Director of Human Resources. In 1990, he was appointed Deputy CEO and then Chairman and CEO from 1994 to 2002.
- He was Chairman and CEO of La Poste from 2002 to 2013 and has served as its Honorary Chairman since October 2013.
- He has also been President of Entreprise et Personnel, Vice-President of Confrontations Europe, Chairman of ANVIE and member of the Conseil Économique, Social et Environnemental from 1995 to 2015.
- He is President of "Entreprises pour la cité", member of the Board of Directors of St. Joseph's hospital and the Théâtre de la ville.
- Jean-Paul Bailly is a graduate of the École Polytechnique and MIT. He is an Officer of the French Legion of Honor and a Commander of the French National Order of Merit.

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.
(2) French listed company.

PASCAL BAZIN — VICE-CHAIRMAN OF THE SUPERVISORY BOARD – INDEPENDENT MEMBER

Business address:
49 Bis route de Montesson
78110 Le Vesinet

Age and nationality:
61 years old
French

Date first appointed:
06/08/2015

Date term of office ends:
Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2017

Number of Company shares held:
500 common shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled (1) by Europcar Groupe

- Member of the Board of Directors of Alcopa
- Member of the Board of Directors of Modacin France
- Chairman of PB Consulting

Other positions and offices held over the last five years

- Director of Belvédère (2)
- Director of Darty
- Director of Belron

MANAGEMENT EXPERIENCE

- Pascal Bazin was, from June 2014 until the transformation of the Company's corporate structure to a structure with a Management Board and a Supervisory Board, a representative of PB Consulting on the Board of Directors of the Company.
- Pascal Bazin was founder and Chairman of PB Consulting, a consulting firm specialized in professional and strategic coaching and member of the Board of Directors of Modacin France and Alcopa.
- Pascal Bazin was Managing Director (Directeur Général) of Avis Europe Plc from January 2008 to December 2011, where he successfully managed the Company's recovery and led the development of the Group towards new markets such as China and towards new mobility solutions such as car-sharing. He left his position at the end of 2011, following the transfer of his activity to Avis Budget group, Inc.
- He had joined Avis Europe in 2005 after leaving Redcats, the third largest direct selling group in the world, where he was Managing Director (Directeur Général) of the specialized brands division (division des marques spécialisées) and Vice-President of Development/Strategy.
- Among his previous positions, he was Managing Director (Directeur Général) of many divisions of the cosmetic group Yves Rocher in Southern Europe and North America.
- He started his career in the management consulting firm Peat Marwick Mitchell.
- Pascal Bazin graduated from France's École Polytechnique.

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.
(2) French listed company.

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PATRICK SAYER MEMBER OF THE SUPERVISORY BOARD

Business address:

Eurazeo SE
1 rue Georges Berger
75017 Paris

Age and nationality:

60 years old
French

Date first appointed:

02/24/2015

Date term of office ends:

Annual General Meeting called to approve the financial statements for the fiscal year ending December 31, 2018

Number of Company shares held:

500 common shares held directly
87,460 shares held *via* Augusta SAS

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled [1] by Europcar Groupe

- Member of the Board of Directors of Accor Hotels [2]
- Member of the Board of Directors of I-Pulse (USA)
- Chairman of, CarryCo Capital 1, CarryCo Croissance and CarryCo Croissance 2
- Member of the Board of Directors of Tech Data Corporation (USA) [3]

Other positions and offices held over the last five years

- Chairman of the Management Board of Eurazeo SE [2]*
- Manager of Investco 3d Bingen (non-trading company)
- Vice-Chairman of the Supervisory Board of Rexel [2]
- Member of the Supervisory Committee of Foncia Holding
- Vice-Chairman and member of the Supervisory Board of ANF Immobilier [2]
- Chairman and member of the Supervisory Board of Europcar Groupe
- Chairman and member of the Board of Directors of Holdelis
- Member of the Board of Directors of Moncler Srl (Italy), Sportswear Industries Srl (Italy), Edenred [2], Rexel [2] and Gruppo Banca Leonardo (Italy) and Colyzeo Investment Advisors (UK)
- President of Eurazeo Capital Investissement, Legendre Holding 25 and Legendre Holding 26
- Managing Director of Legendre Holding 19
- Member of the Advisory Board of APCOA Parking Holdings GmbH (Germany)

MANAGEMENT EXPERIENCE

- Patrick Sayer was a Director of the Company from 2006 until the change in the Company's corporate governance structure to a public limited company with a Management Board and a Supervisory Board.
- He was Chairman of the Management Board of Eurazeo from May 2002 to March 2018.
- He was previously a managing partner of Lazard Frères et Cie in Paris and a Managing Director of Lazard Frères & Co. in New York.
- He is a former Chairman of the Association Française des Investisseurs pour la Croissance (AFIC, now known as France Invest), a Director of the Musée des Arts Décoratifs de Paris and a member of the Club des Juristes. He also taught finance at the Université de Paris Dauphine.
- He is also a commercial court judge with the Commercial Court of Paris.
- Mr. Sayer is a graduate of the École Polytechnique and of the École des Mines de Paris.

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.
(2) French listed company.
(3) Company listed outside France.
** Until March 18, 2018*

PHILIPPE AUDOUIN MEMBER OF THE SUPERVISORY BOARD

Business address:

Eurazeo SE
1 rue Georges Berger
75017 Paris

Date first appointed:

02/24/2015

Age and nationality:

61 years old
French

Date term of office ends:

Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2020

Number of Company shares held:

6,000 common shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled (1) by Europcar Groupe

- Member of the Management Board and General CFO of Eurazeo SE (2)
- Member of the Supervisory Board of Eurazeo PME
- Chairman of LH APCOA, Legendre Holding 19, Legendre Holding 26, Legendre Holding 27, Legendre Holding 29, Legendre Holding 30, Legendre Holding 34, Legendre Holding 35, Legendre Holding 36, Legendre Holding 42, Legendre Holding 43, Legendre Holding 44, Legendre Holding 47, Legendre Holding 51, Legendre Holding 57, Legendre Holding 58, Legendre Holding 59, Legendre Holding 60, Legendre Holding 62, Eurazeo Patrimoine, LH CPK, LH GP, LH Novacap, LH Iberchem, LH Open Road and LH WS
- CEO of Legendre Holding 23, Legendre Holding 25, CarryCo Capital 1 and CarryCo Croissance, CarryCo Brands et CarryCo Capital 2
- Chairman of the Supervisory Committee of Legendre Holding 28
- Chief Executive of Eurazeo Services Lux (Luxembourg)
- Permanent representative of Eurazeo on the Board of Directors of SFGI

Other positions and offices held over the last five years

- Member of the Supervisory Board of ANF Immobilier (2) and Elis (2)
- Director of Holdelis and Europcar Groupe
- Managing Director of Legendre Holding 33, Legendre Holding 54, Legendre Holding 55, La Mothe, Eurazeo Capital Investissement and Eureka Participation
- Chairman of EP Aubervilliers, Legendre Holding 21, Legendre Holding 22, Legendre Holding 28, Legendre Holding 31 (now Les Amis d'Asmodée), Legendre Holding 32 (now Asmodée II), Legendre Holding 41, CPK, Novacap Group Bidco, Novacap Group Holding and Ray France Investment
- Vice-Chairman of the Supervisory Board of APCOA Parking AG (Germany)
- Member of the Advisory Board of APCOA Parking Holdings GmbH (Germany)
- Managing Director of Perpetuum MEP Verwaltung GmbH (Germany)

MANAGEMENT EXPERIENCE

- Philippe Audouin was a Director of the Company from 2006 until the change in the Company's corporate governance structure to a public limited company with a Management Board and a Supervisory Board.
- He spent the first 10 years of his career creating and developing his own business. After selling that business, he served as CFO and legal representative ("Prokurist") of the first joint venture between France Telecom and Deutsche Telekom in Germany from 1992 to 1996.
- From 1996 to 2000, he served as Financial, Human Resources and Administrative Director of France Telecom's Multimedia division. He was also a member of the Supervisory Board of PagesJaunes. From April 2000 to February 2002, he worked for the Arnault group as CFO of Europ@Web.
- He also taught for 5 years as a lecturer then a senior lecturer in the 3rd year at HEC ("entrepreneurs" option).
- He joined Eurazeo in 2002 as Administrative and Financial Director and was appointed to its Management Board in March 2006. *
- He is also a member of the AMF's Issuers Committee and of the Association Nationale des Dirigeants Finance-Gestion (National Association of Finance and Management Executives) (DFCG).
- Mr. Audouin is a graduate of the École des Hautes Études Commerciales (HEC).

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.
(2) French listed company.
** Starting March 19, 2018, Philippe Audoin became Chief Financial Officer of Eurazeo SE*

AMANDINE AYREM MEMBER OF THE SUPERVISORY BOARD

Business address:
Eurazeo SE
1 rue Georges Berger
75017 Paris

Age and nationality:
35 years old
French

Date first appointed:
07/24/2017

Date term of office ends:
Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2019

Number of Company shares held:
500 common shares [3]

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled [1] by Europcar Groupe

- Principal of Eurazeo SE [2]
- Member of the Supervisory Board of CPK
- Director of Fragrance Spanish Topco SL (Spain)

Other positions and offices held over the last five years

- None

MANAGEMENT EXPERIENCE

- From 2007 to 2010, Amandine Ayrem began her career in investment banking at Deutsche Bank in Paris. She advised on various M&A transactions by European industrial companies and investment funds.
- Amandine Ayrem joined Eurazeo in 2010 with responsibilities including initiating or overseeing investments in Europcar, Foncia, CPK, Les Petits Chaperons Rouges and Iberchem.
- Amandine Ayrem is a graduate from HEC Paris and Columbia Business School.

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.
(2) French listed company.
(3) Share loan granted by Eurazeo.

ÉRIC SCHAEFER — MEMBER OF THE SUPERVISORY BOARD

Business address:
Eurazeo North America Inc.
745, Fifth Avenue
10151 New York, USA

Age and nationality:
36 years old
French

Date first appointed:
02/24/2015

Date term of office ends:
Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2017

Number of Company shares held:
500 common shares (3)

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled (1) by Europcar Groupe

- Managing Director of Eurazeo SE (2)
- Managing Director of Eurazeo North America Inc. (USA)
- Member of the Supervisory Board of Asmodee Holding (4)
- Member of the Supervisory Committee of CPK
- Secretary of EZ Open Road Blocker Inc (USA)
- Vice-President of Open Road Holdings LLC (USA)
- Member of the Board of Directors of Open Road Parent LLC (USA) and Trader Interactive LLC (USA)

Other positions and offices held over the last five years

- Director of Holdelis and Europcar Groupe
- Member of the Supervisory Board of Elis (2) and AX
- Permanent representative of Eurazeo on the Board of Directors of Europcar Groupe

MANAGEMENT EXPERIENCE

- Eric Schaefer was a Director of Europcar Groupe from January 2013 to June 2014, then Eurazeo representative on Europcar Groupe Board of Directors from October 2014 until the change in the Company's corporate governance structure to a public limited company with a Management Board and a Supervisory Board.
- Eric Schaefer is Managing Director of Eurazeo Capital and Eurazeo North America Inc. He is responsible for sourcing and for making investments, as well as monitoring the performance of the companies in the Eurazeo portfolio.
- Since his arrival at Eurazeo in 2004, he has specialized in the sectors of corporate services and consumer goods and helped in the structuring and development of Eutelsat, B&B Hotels, Europcar, Elis, Asmodée and CPK.
- Eric Schaefer was named among the Rising Stars in Private Equity in the 40 under 40 category in Dow Jones Private Equity News in 2015, before being part of the 2016 class of Young Leaders selected by the French American Foundation.
- Eric is a graduate of HEC Paris and a finance graduate of the École Polytechnique.

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.
(2) French listed company.
(3) Share loan granted by Eurazeo SE.
(4) Formerly Legendre Holding 33 SAS.

05

ANGÉLIQUE GÉRARD MEMBER OF THE SUPERVISORY BOARD - INDEPENDENT MEMBER

Business address:

Iliad
16 rue de la Ville-l'Évêque
75008 Paris

Age and nationality:

42 years old
French

Date first appointed:

02/24/2015

Date term of office ends:

Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2017

Number of Company shares held:

500 common shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled (1) by Europcar Groupe

- Independent member of the Board of Directors of Association Française de la Relation Client
- Director of Customer Relations at the French Iliad group
- Independent director of Babilou group
- Chairman of MCRA SAS, Centrapel SAS, Mobipel SAS, Qualipel SAS, Certicall SAS, Equaline SAS, Total Call SAS, Telecom Academy SAS, Resolution Call SAS

Other positions and offices held over the last five years

- None

MANAGEMENT EXPERIENCE

- Angélique Gérard joined the Iliad group at the end of 1999 after four years with France Telecom. She is currently Director of Customer Relations for the Iliad group (Free & Free Mobile) and a member of Iliad's Executive Committee.
- She was manager of Memdis from 2003 to 2006, and is Chairwoman of nine subsidiaries of the French telecommunications group Iliad.
- Angélique Gérard is a graduate of INSEAD, of the École des Hautes Études Commerciales and of the Multimedia Institute.

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.

VIRGINIE FAUVEL MEMBER OF THE SUPERVISORY BOARD - INDEPENDENT MEMBER

Business address:
1 place des saisons
92048 Paris-La Défense
Cedex

Age and nationality:
43 years old
French

Date first appointed:
02/24/2015

Date term of office ends:
Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2020

Number of Company shares held:
500 common shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled (1) by Europcar Groupe

- Member of the Management Board of Euler Hermes (2)
- Member of the Board of Directors and the Nominations Committee of Neopost (2)

Other positions and offices held over the last five years

- Member of the Executive Committee of Allianz France (Germany)

MANAGEMENT EXPERIENCE

- A graduate from the École des mines in Nancy, Virginie Fauvel began her career in 1997 at Cetelem as the Head of Risk Scoring and then as Director of CRM, before becoming Director of World Internet Strategy in 2004 and then Director of the e-business France unit in 2006.
- She joined BNP Paribas's retail bank next, in 2009, where she directed and developed the online bank before becoming Director of European online banks in 2012. In that capacity, in mid-2013 she launched HelloBank!, the first 100% mobile European bank.
- She joined Allianz France in July 2013 as a member of the Executive Committee in charge of Digital and Market Management.
- Virginie has been a member of the Conseil national du numérique (National Digital Council) from 2013 to 2016.
- Since January 15, 2018, she has been a member of the Management Board of Euler Hermes, in charge of the Americas region and Group transformation.
- She has been a Member of the Board of Neopost since June 2016.
- Virginie Fauvel is a Chevalier of the French National Order of Merit.

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.
(2) Listed French company.

SANFORD MILLER — MEMBER OF THE SUPERVISORY BOARD - INDEPENDENT MEMBER

Business address:
444 Seabreeze Blvd Ste.
1002 Daytona Beach,
FL 32118
United States of America

Age and nationality:
65 years old
American

Date first appointed:
06/08/2015

Date term of office ends:
Annual General Meeting called to approve the financial statements for the fiscal year ending December 31, 2018

Number of Company shares held:
500 common shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled [(1)] by Europcar Groupe

- Advisory Board member of CenterState Bank of Florida, LLC.
- Founder and Managing Partner of Basin Street Partners LLC

Other positions and offices held over the last five years

- Vice Chairman of the Board & Founding Member of Gateway Financial Holdings of Florida, Inc.
- Co-Chairman and Chief Executive Officer of Franchise Services of North America, Inc.
- Member of the Board of Directors of Stonewood Holdings LLC

MANAGEMENT EXPERIENCE

- Sanford Miller has large experience in the transportation and tourism industries and strong knowledge of the vehicle rental market.
- He started his career in 1979 at the vehicle rental company Budget group, Inc. that he joined as North East Field Operation manager, before becoming a franchisee of Budget Rent-a-Car from 1980 to 1987.
- Appointed as Chief Executive Officer of Team Rental group in 1987, he notably supervised the acquisitions of Cruise America, VPSI, Premier Car Rental and Budget Rent-a-Car; he then served as President, Chief Executive Officer and Chairman of Budget group from 1997 to 2003, where he supervised the acquisition of Ryder TRS as well as the acquisition of Budget group by Cendant Corporation.
- From 2003 to 2012, he served as Co-Chairman and Co-Chief Executive Officer of Franchise Services of North America, Inc., where he managed the acquisition of Advantage-Rent-a-Car, the merger with Rent a Wreck Capital and U-Save.
- He also served as member of the Board of Directors of the restaurant chain Stonewood Holdings and of the State University of New York at Oswego Foundation and as President of the American Car Rental Association.
- Sanford Miller is currently Managing Partner of the private investment firm Basin Street Partners that he founded in 2001 and was from 2006 to 2017 the Vice-Chairman of the Board & Founding Director of the bank Gateway Financial Holdings of Florida, Inc. He is also a management consultant at Gerson Lehrman group since 2003.
- Sanford Miller holds a Bachelor of Science, Business from the State University of New York, Oswego, NY.

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.

KRISTIN NEUMANN — MEMBER OF THE SUPERVISORY BOARD - INDEPENDENT MEMBER

Business address:
LSG Lufthansa Service Holding AG
FRA Z/VF
Dornhofstrasse 38
Germany

Age and nationality:
46 years old
German

Date first appointed:
05/10/2016

Date term of office ends:
Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2019

Number of Company shares held:
500 common shares

POSITIONS AND OFFICES HELD

Positions and offices currently held at companies not controlled [1] by Europcar Groupe

- Member of the Executive Committee of LSG Lufthansa Service Holding AG
- Member of the Supervisory Board of LSG FRA ZE, LSG FRA ZD and LSG MUC

Other positions and offices held over the last five years

- Member of the Supervisory Board of Solarparc AG and Germanwings GmbH

MANAGEMENT EXPERIENCE

- Kristin Neumann began her career in 2000 at Thomas Cook AG as a Specialist and later Head of the IT Department's Planning and Coordination Unit, then Head of Sales Control in the German market (2003), Administrative and Financial Director for continental Europe (2006), Administrative and Financial Director for central Europe (2008), member of the Board of Directors of Thomas Cook AG (2010), Administrative and Financial Director for the United Kingdom and continental Europe (2012-2014), in particular in charge of restructuring the English market.
- In 2014, she joined LSG Lufthansa Service Holding AG as Administrative and Financial Director and Chief Officer Human Resources.
- Kristin Neumann holds a degree in micro-economics and business management from the Georg-August-Universität Göttingen (Diplom-Kauffrau, 1997) and a doctorate in business administration from the same university (1999), where she also worked as a graduate-level lecturer and Scientific Director (1997-2000).

(1) Articles L. 225-21 par. 2, L. 225-77 par. 2 and L. 225-94 par. 1 of the French Commercial Code.

5.1.3 Declarations relating to corporate governance

The Supervisory Board is required to prepare the report provided for in Article L. 225-68 of the French Commercial Code on corporate governance. This report appears in Section 5.2.4 "*Report by the Supervisory Board on corporate governance*" and includes the information specified in Articles L. 225-37-3 to L. 225-37-5 and L.225-82-2 of the French Commercial Code, as well as the Supervisory Board's comments on the report of the Management Board and the financial statements for the fiscal year.

5.1.3.1 No family ties

As of the date of this Registration Document, to the Company's knowledge, there were no family ties between any members of the Company's Supervisory Board and members of the Management Board.

5.1.3.2 No convictions

To the Company's knowledge during the last five years, concerning the members of the Company's Management and Supervisory Boards: (i) no Board member has been convicted of fraud, (ii) no Board member has been associated with any bankruptcy, receivership or liquidation, (iii) no Board member has been the subject of any accusations or official public sanctions by statutory or regulatory authorities (including designated professional bodies), and (iv) no Board member has been disqualified by a court from acting as a member of the administrative, management or supervisory body of any company or from being involved in the management or business performance of any company.

5.1.3.3 No conflicts of interest

To the Company's knowledge, and subject to the relationships described in Section 7.2 "*Related Party Transactions*", as of the date of this Registration Document there were no potential conflicts of interest between the duties of the members of the Supervisory and Management Boards to the Company and their private interests. A special advisory assignment relating to the Group's strategy and development in the United States and to pricing was entrusted by the Supervisory Board to Mr. Pascal Bazin on March 13, 2017, as described in Section 5.3.2.2 "*2017 compensation for the members of the Supervisory Board*" of the Registration Document. This assignment did not occur for scheduling reasons and will not be pursued in 2018, Mr. Pascal Bazin declined the compensation relating to it, and the Supervisory Board, at its meetings on December 15, 2017 and February 28, 2018 noted that this agreement had not been concluded. The Supervisory Board considered that this assignment was in the Company's interest. Outside of this assignment and to the Company's knowledge, there are no service contracts linking one of the members of the Supervisory Board or Management Board with the Company or one of its subsidiaries and granting benefits.

Where a conflict of interest arises, the Internal Regulations of the Supervisory Board dictate that the member of the Supervisory Board must inform the Board as soon as he/she becomes aware of an actual or potential conflict of interest and recuse themselves from discussions and votes on related matters.

The Supervisory Board's Internal Regulations also set forth that when one of the members of the Supervisory Board has a conflict of interest, or potential conflict of interest, concerning a subject to be discussed by the Board, the Chairman shall ensure, upon recommendation of the Compensation and Nominations Committee which will have already examined the conflict of interest, that the information on this subject is not communicated to that member, without prejudice to the latter's obligations.

To the Company's knowledge, as of the date of this Registration Document, there were no agreements or undertakings of any kind with shareholders, customers, suppliers or others pursuant to which any member of the Company's Supervisory or Management Boards was appointed to such position.

On the date of this Registration Document, there are no restrictions accepted by the members of the Supervisory Board and/or the members of the Management Board concerning the assignment within a certain period of time of all or part of their participating interests in the Company's share capital, with the exception of (i) certain legal provisions, (ii) certain provisions set forth under the terms of the general regulations of the performance share allocation plans of which the members of the Management Board were beneficiaries, as described in Section 5.3.1.3 and 5.3.1.5 of the Registration Document, (iii) the rules related to the prevention of insider trading as set forth in the French Financial Market Authority ("AMF") General Regulations and (iv) the AFEP-MEDEF Code recommendations, imposing a share retention obligation.

5.1.3.4 Independence of the members of the Supervisory Board

In accordance with the provisions of the AFEP-MEDEF Code of Corporate Governance for Listed Companies, in its version of November 2016 (hereinafter the "AFEP-MEDEF Code"), to which the Company refers, and the Supervisory Board's Internal Regulations, the Supervisory Board reviews the circumstances of each of its members annually against the criteria for independence. The Supervisory Board carried out this year's review on February 28, 2018, based on an analysis conducted beforehand by the Compensation and Nominations Committee. All of the criteria recommended by the AFEP-MEDEF Code were used to evaluate the independence of the members of the Supervisory Board.

The application of all of these criteria led the Supervisory Board to retain the following as independent members:

- Mr. Jean-Paul Bailly;
- Ms. Virginie Fauvel;
- Ms. Angélique Gérard;
- Mr. Pascal Bazin;
- Mr. Sanford Miller; and
- Ms. Kristin Neumann.

At December 31, 2017, the Supervisory Board had ten members, of which six were independent, representing 60% of the members of the Supervisory Board.

Each member of the Supervisory Board is asked to submit an annual statement to the Company in respect of each of the independence criteria. Under the AFEP-MEDEF Code recommendations, the Supervisory Board may consider that a member who meets the independence criteria nevertheless does not qualify as independent or, conversely, that a director who fails to meet all the criteria may be considered independent.

INDEPENDENCE CRITERIA

	Not be an employee or an executive corporate officer	No cross-directorships	No business relationships	No family ties	Not be a current or a past auditor	Not have been a director for more than 12 years	Not receive any variable compensation or compensation related to the Company's or the Group's performance	Not hold more than 10% of the stock	Independent
Jean Paul Bailly	✔	✔	✔	✔	✔	✔	✔	✔	✔
Patrick Sayer		✔		✔	✔	✔	✔	✔	
Philippe Audouin		✔	✔	✔	✔	✔	✔	✔	
Virginie Fauvel	✔	✔	✔	✔	✔	✔	✔	✔	✔
Angélique Gérard	✔	✔	✔	✔	✔	✔	✔	✔	✔
Pascal Bazin	✔	✔	✔	✔	✔	✔	✔	✔	✔
Sanford Miller	✔	✔	✔	✔	✔	✔	✔	✔	✔
Amandine Ayrem		✔	✔	✔	✔	✔	✔	✔	
Eric Schaefer		✔	✔	✔	✔	✔	✔	✔	
Kristin Neumann	✔	✔	✔	✔	✔	✔	✔	✔	✔

In consideration of his role as Chairman of the Supervisory Board, a specific review was conducted into the independence of Mr. Jean-Paul Bailly. As the table above shows, Mr. Jean-Paul Bailly has and has had no relationship of any kind with the Company or Group except for his service as member and Chairman of the Company's Supervisory Board. Nor has he received any compensation from the Company, other than compensation for his work as Chairman and member of the Company's Supervisory Board. As Chairman of the Supervisory Board in a dual corporate governance structure, Mr. Jean-Paul Bailly has no executive functions and does not take part in the Company's operating decisions. As a result, Mr. Jean-Paul Bailly is deemed to be independent.

On the criterion of business relationships, the AFEP-MEDEF Code states that the evaluation of the significant or non-significant relationship with the Company or its Group must be discussed by the Board and the quantifiable and qualitative criteria that lead to the evaluation must be explicitly stated in the Registration Document. The review by the Compensation and Nominations Committee of the situation of each member in respect of this criterion found there to be no business relationships as regards any of the independent members. It therefore made no pronouncement of the Supervisory Board on the question of significant relationships.

5.1.3.5 Balanced composition of the Supervisory Board

Following the approval by the Annual General Meeting of May 10, 2017 of the resolutions related to the reappointment of Ms. Virginie Fauvel and Mr. Philippe Audouin and following the co-optation of Ms. Amandine Ayrem to replace Ms. Armance Bordes by the decision of the Supervisory Board on July 24, 2017, the Supervisory Board is comprised of ten members, of which four, or *i.e.* 40% of the members of the Supervisory Board, are women. This complies with French Law No. 2011-103 of January 27, 2011 on the balanced representation of women and men on Supervisory and Management Boards.

As regards international representation, as of the date of this Registration Document, the Supervisory Board includes two foreign members, one German and one American, *i.e.* a proportion of 20% of the members of the Supervisory Board.

The average age of the members of the Supervisory Board is 52 at the date of this Registration Document.

These points are summarized in the table below.

SUMMARY TABLE OF THE COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD AT THE DATE OF THIS REGISTRATION DOCUMENT

Name	Date first appointed	End of term of office	Independence	Balanced composition of the Board	Membership of a committee	Attendance rate at Board meetings	Attendance rate at Committee meetings
Jean Paul Bailly	06/08/2015	2019	✔			100%	
Pascal Bazin	06/08/2015	2018	✔		Audit Committee Compensation and Nominations Committee	82%	100 %
Patrick Sayer	02/24/2015	2019				82%	
Philippe Audouin	02/24/2015	2021			Audit Committee	80%	100%
Virginie Fauvel	02/24/2015	2021	✔	Women's representation	Audit Committee	73%	100%
Angélique Gérard	02/24/2015	2018	✔	Women's representation	Compensation and Nominations Committee	82%	100%
Sanford Miller	06/08/2015	2019	✔	International representation		100%	
Amandine Ayrem	07/24/2017	2020		Women's representation		50% (1)	
Eric Schaefer	02/24/2015	2018			Compensation and Nominations Committee	55%	100%
Kristin Neumann	05/10/2016	2020	✔	Women's representation International representation	Audit Committee	91%	100%

(1) Rate of participation since her co-optation on July 24, 2017.

5.1.3.6 Terms of office of the members of the Supervisory Board

The terms of office of the members of the Supervisory Board expire on a staggered basis in order to allow for the rolling renewal of the Supervisory Board's membership, in accordance with the recommendations of the AFEP-MEDEF Code.

The terms of office of Ms. Angélique Gérard, Mr. Eric Schaefer and Mr. Pascal Bazin will end at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2017. The reappointment of Mr. Eric Schaefer and Mr. Pascal Bazin for a further four-year term, until the end of the Annual General Meeting which will approve in 2022 the financial statements as at December 31, 2021, will be submitted to the vote at the Annual General Meeting to be held on May 17, 2018. Ms. Angélique Gérard has not requested reappointment of her term of office due to schedule reasons.

The Supervisory Board meeting on March 20, 2018, decided to submit to the vote of the Annual General Meeting of May 17, 2018, the appointment of Petra Friedmann as a member of the Supervisory Board for four years until the end of the 2022 Annual General Meeting called to approve the financial statements for the year ending December 31, 2021.

5.1.4 Application of the AFEP-MEDEF Code

The Company refers to the AFEP-MEDEF Code, as revised in November 2016 (1) and regularly reviews and improves its corporate governance practices.

At its meeting on February 28, 2018, the Supervisory Board reviewed the recommendations of the revised AFEP-MEDEF Code.

As permitted by this Code and by the Law, the Company has set aside or amended some of the Code's provisions to suit its specific circumstances or to comply with other provisions of the Code. These are summarized in the table below, along with the reasons for these choices.

AFEP-MEDEF Code recommendations	Company practice and justification
Severance payment to the Chairwoman of the Management Board (Article 24.5.1 of the AFEP-MEDEF Code) "[…] The performance conditions set by the Boards for these benefits should be assessed over at least two fiscal years. […]"	The performance conditions set under the terms of Ms. Caroline Parot's corporate officer agreement dated December 22, 2016, in case of termination of her duties as Chairwoman of the Management Board, shall be assessed over 24 months, from January 1, 2019. In case of removal before December 31, 2017 (inclusive), the indemnity is a lump-sum and equal to her fixed annual compensation. Beyond that date, in case of removal, the degree to which the objectives on the criteria set have been achieved will be assessed either over the average of the last eight quarters ended (this rule applying as of January 1, 2019), or over the average of the quarters ended since January 1, 2017 (this rule applying from January 1, 2018 through December 31, 2018). The above rules were decided by the Supervisory Board on December 15, 2016, upon the recommendation of the Compensation and Nominations Committee, since Ms. Caroline Parot's performance as Chairwoman of the Management Board may only be assessed over two fiscal years as of January 1, 2019.

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5.1.5 Other management bodies

On July 22, 2016, the Company appointed Ms. Caroline Parot as Deputy CEO, Mr. Kenneth McCall as Deputy CEO - Countries and Operations and Mr. Fabrizio Ruggiero as Deputy CEO - Sales, Marketing, Customers & Low Cost.

Following her appointment as Chairwoman of the Management Board, Ms. Caroline Parot resigned as Deputy CEO. Since November 23, 2016, the Company has therefore had one Deputy CEO, Mr. Kenneth McCall, in charge of Countries and Operations, and one Deputy CEO, Mr. Fabrizio Ruggiero, in charge of Sales, Marketing, Customers & Low Cost.

In addition, during fiscal year 2017, a Group Executive Committee and an Engagement Committee provided operational support to the Management Board in preparing and implementing the decisions and strategy defined by the Management Board.

(1) Available on the following website: http://www.afep.com/contenu/focus/Code-de-gouvernement-d-entreprise-des-societes-cotees.

Group Executive Committee

The role of the Group Executive Committee is to roll out the Group's strategy within the Business Units. The Group Executive Committee is led by Ms. Caroline Parot. As of the date of this Registration Document, the Group Executive Committee comprises, in addition to the members of the Management Board and each head of Business Unit, the heads of certain Group operating functions, as presented below:

Name	Position within the Group
Caroline Parot	Chairwoman of the Management Board
Kenneth McCall	Deputy CEO - Countries and Operations - Member of the Management Board
Fabrizio Ruggiero	Deputy CEO - Sales, Marketing, Customers & Low Cost - Member of the Management Board
Marcus Bernhardt	Director of the International Coverage Business Unit
Jose-Maria Gonzalez	Managing Director of Europcar Spain
Yvonne Leuschner	Director of the Vans & Trucks Business Unit
Luc Péligry	Group Chief Financial Officer
Denis Langlois	Group Human Resources Director
Stéphane Deux	Group IT Director
Franck Rohard	Secretary General - Supervisory Board Secretary
Sheila Struyck	Business Unit Director – New Mobility
Xavier Courouge	Group Marketing and Digital Director
Juan Carlos Azcona	Business Unit Director - Low Cost
Aurélia Cheval	Group Director of Strategy

Investment Committee

The Investment Committee meets as often as required. Its key missions are to analyze, structure and validate the economic and financial terms of agreements struck with the main partners and major Group investment proposals (main commercial stakeholders, including customers and partners).

This Committee is chaired by Ms. Aurélia Cheval, Group Director of Strategy, and supported by the Group's PMO (project management), management control and operating functions.

5.2 ROLE AND ACTIVITIES OF THE SUPERVISORY BOARD

5.2.1 Main provisions of the Company's bylaws and the Supervisory Board's Internal Regulations

The Supervisory Board's Internal Regulations follows best practices to ensure compliance with the basic principles of corporate governance, in particular those set out in the AFEP-MEDEF Code.

The Internal Regulations were revised by the Supervisory Board at its meetings of February 24, 2018, February 28, 2018 and March 20, 2018 It complements the Company's bylaws as well as the laws and regulations in force by specifying the duties, composition and operation of the Supervisory Board and its committees, the Audit Committee and the Compensations and Nomination Committee and their interactions. The Internal Regulations of the Audit Committee and the Compensation and Nominations Committee are attached as an appendix to the rules of Supervisory Board's Internal Regulations.

The Supervisory Board's Internal Regulations may be modified at any time by a decision of the Supervisory Board.

5.2.1.1 Participation in Supervisory Board meetings by video conference or other means of telecommunication

Pursuant to applicable laws and regulations, the use of video conference or other means of telecommunication is authorized for any Supervisory Board meeting. The means used must enable real-time and continuous transmission of speech and, if applicable, video images of the members, who must be visible to everyone. These means must also permit each member to be identified and ensure their active participation in meetings.

Members participating in a Supervisory Board meeting by means of video conference or other means of telecommunication as described above are deemed present for purposes of calculating quorum and majority. The attendance sheet includes the names of members participating in the Supervisory Board meeting in such manner. The meeting's minutes must indicate the names of those Supervisory Board members deemed present in this manner. The minutes must also mention the occurrence of any technical difficulties that may have interfered with the meeting.

In accordance with Article L. 225-82 of the French Commercial Code, Article 19-III of the Company's bylaws and Article 7.5 of the Supervisory Board's Internal Regulations, participation in Supervisory Board meetings by means of video conference or other means of telecommunication is prohibited for votes on the following decisions:

- appointing or replacing its Chairperson and Vice-Chairperson;
- appointing or removing members of the Management Board;
- closing the annual Company and consolidated financial statements and reviewing the Company and Group management reports.

5.2.1.2 Matters reserved for the Supervisory Board

Article 20.IV of the Company's bylaws sets limits to the powers of the Management Board.

a. first, the following acts are subject to the prior authorization of the Supervisory Board:
   - the sale of real property,
   - the total or partial sale of equity investments,
   - the granting of sureties, as well as bonds, endorsements or guarantees;

b. the bylaws also stipulate that the following transactions relating to the Company require prior authorization:
   - the proposal to the Shareholders' Meeting of any modification of the bylaws,
   - any proposal of draft resolution to the Shareholders' Meeting relating to the issuance of share or other securities giving access, immediately or in the future, to the Company's share capital, and any use of such delegations granted by the Shareholders' Meeting,
   - any transaction in the Company's shares that could lead, immediately or in the future, to a capital decrease (not occasioned by losses) through a decrease in the par value or a cancellation of shares,
   - any proposal to the Shareholders' Meeting to implement a share buy-back program,
   - any proposal to the Shareholders' Meeting to allocate the Company's results and to distribute dividends, as well as any distribution of an interim dividend,
   - decisions to change the Company's business or to diversify the Group's activities in a manner involving investments of more than €15 million, and
   - adopting the Company's annual budget and strategic plan.

   The amounts referred to above may be revised upward by the Supervisory Board's Internal Regulations;

c. The bylaws also provide that the following transactions relating to the Company or to the subsidiaries it controls within the meaning of Article L 233-3 of the French Commercial Code, require prior authorization:
   - any implementation of an option plan and any allocation of stock subscription or purchase options,
   - any implementation of a free share granting plan and any free granting of shares,
   - ny new debt or financing agreement of more than (i) €200 million when the debt is backed by assets and not by a recognized guarantee, with the exception of leasing agreements, and (ii) €75 million in other cases,
   - settlement agreements in the scope of litigation, in an amount exceeding €10 million,
   - decisions to expand into new countries, whether directly, through the creation of a direct or indirect subsidiary, through equity investments or entry into joint venture agreements or significant collaborations, that is to say collaborations in which the assets contributed by any group entity (including in cash) exceed a threshold of €15 million, as well as decisions to withdraw from any presence in a given country, except in the event of an emergency,
   - the acquisition, expansion or sale of equity investments by the Company or by one of its subsidiaries in any companies created or to be created in an amount greater than €15 million,
   - the entry into or substantial modification of agreements relating to the exclusive use by a third party of any trademark owned by the Company or one of its subsidiaries (other than in connection with a franchise agreement or in the ordinary course of business),

- any other planned transaction (except for fleet purchase investments) not referred to in the list above, the investment amount of which is greater than €10 million, to the extent that such investments are not included in the budget, and
- any decision to carry out a merger, spin-off, partial asset contribution or similar transaction involving the Company, and any vote within the Company's subsidiaries relating to a merger, spin-off, partial asset contribution or similar transaction, with the exception of intra-group reorganizations.

  The amounts referred to above may be revised upward by the Supervisory Board's Internal Regulations.

Any related-party agreement subject to Article L. 225-86 of the French Commercial Code also requires prior authorization by the Supervisory Board.

Within the limits that it shall determine and on the terms and conditions that it shall decide, the Supervisory Board may give prior authorization to the Management Board to carry out one or more of the transactions pursuant to a. or b. in the paragraph above.

The redrafting of Article 20 IV of the Company's bylaws will be the subject of the 34th resolution submitted to the approval of the Annual General Meeting of May 17, 2018. If approved by the Annual General Meeting, Article 20 IV will read as follows:

"IV. Are subject to the prior authority of the Supervisory Board:

a. *according to the legal and regulatory provisions in force:*
   (i) *the granting of securities, endorsements or guarantees;*
b. *according to these by-laws, for the completion of the following transactions relating to the Company:*
   (i) *a proposal to the General Shareholders' Meeting to modify the by-laws,*
   (ii) *any draft resolution to the General Shareholders' Meeting relating to the issuance of share or other securities giving access, immediately or in the future, to the Company's share capital, and any use of such delegations granted by the General Shareholders' Meeting,*
   (iii) *any transaction on the Company's share capital that could lead, immediately or in the future, to a capital decrease (not occasioned by losses) through a decrease in the par value or a cancellation of shares,*
   (iv) *any proposal to the General Shareholders' Meeting to implement a share buy-back program,*
   (v) *any proposal to the General Shareholders' Meeting to allocate the Company's results and to distribute dividends, as well as any distribution of an interim dividend,*
   (vi) *adopting the Company's annual budget and strategic plan;*
c. *according to these by-laws, for the completion of the following transactions relating to the Company or its subsidiaries controlled within the meaning of Article L. 233-3 of the French Commercial Code (together, the "Group"):*
   (i) *implementing an option plan or allocating stock subscription or purchase options,*
   (ii) *implementing a free share grant plan or granting free shares,*
   (iii) *the entry into or substantial modification of agreements relating to the exclusive use by a third party of any trademark owned by the Company or one of its subsidiaries (other than in connection with a franchise agreement or in the ordinary course of business),*
   (iv) *any decision to carry out a merger, spin-off, partial asset contribution or similar transaction involving the Company, and any vote within the Company's subsidiaries relating to a merger, spin-off, partial asset contribution or similar transaction, with the exception of intra-group reorganizations;*
d. *according to these by-laws, for the completion of the following transactions relating to the Company or its subsidiaries controlled within the meaning of Article L. 233-3 of the French Commercial Code (together, the "Group"), in the event the amount of such transactions exceeds certain thresholds as determined by the Supervisory Board's Internal Regulations:*
   (i) *decisions to change the Company's business or to diversify the Group's activities,*
   (ii) *any new debt or the entry into or modification of financing agreement (including any asset-back debt or operating lease),*
   (iii) *any granting or renewal of securities, endorsements or guarantees,*
   (iv) *dispute settlement agreements,*
   (v) *decisions to expand into new countries, whether directly, through the formation of a direct or indirect subsidiary, through equity investments or entry into joint-venture agreements or significant collaborations, as well as decisions to withdraw from any presence in a given country, except in the event of an emergency,*
   (vi) *the acquisition, expansion or sale of equity investments by the Company or by one of its subsidiaries in any companies created or to be created,*

(vii) any other planned transaction (except for fleet purchase investments) not referred to in the list above, to the extent that such investments are not included in the budget; and

e. any related-party agreement subject to Article L. 225-86 of the French Commercial Code.

V. Within the limits of such amounts as it shall determine, and under the conditions and for the period that it shall set, the Supervisory Board can authorize the Management Board, in advance, to complete one or more of the transactions referred to in items (a), (b) and (c) of paragraph IV above."

5.2.2 Activities of the Supervisory Board in 2017

Frequency, length and attendance at meetings

During the 2017 fiscal year, the Supervisory Board met physically eight times, with an average meeting length of four hours, except the meeting on May 22, 2017, for which an entire day was devoted to discussing the main strategic directions of the Group as proposed by the Management Board. In addition, the Supervisory Board had three meetings by teleconference of approximately one hour each. Therefore, during the 2017 fiscal year, the Supervisory Board met a total of 11 times (versus 15 meetings in 2016).

The overall attendance rate at meetings of Supervisory Board members was 82% in 2017. The individual attendance rates by member are detailed in the table shown in Section 5.1.3.5 *"Balanced composition of the Supervisory Board"* of this Registration Document.

Activities of the Supervisory Board in 2017

The Supervisory Board's activities in 2017 mainly related to the following topics:

- the review of the annual parent company and consolidated financial statements for the fiscal year ended December 31, 2016;
- the review of the annual parent company and consolidated financial statements for the first half of 2017;
- the review of the 2017 consolidated financial statements for the first and third quarter;
- the review of the drafts of financial press releases;
- the dividend policy;
- the proposals for the allocation of the fiscal year 2016 earnings;
- he review of the financing policy: the Supervisory Board in particular renewed the financial and legal authorizations granted;
- the in-depth strategy review during a full-day seminar;
- the review of the 2018 budget; and
- the review and authorization of proposed acquisitions.

In addition, the Supervisory Board has also:

- convened the Annual General Meeting of May 10, 2017 and adopted the reports and draft resolutions submitted to it;
- reviewed the 2016 Registration Document and the report of the Supervisory Board's Chairman as required by Article L. 225-68 of the French Commercial Code;
- acknowledged the financial statements and the regular reports provided by the Chairman of the Audit Committee and the Chairman of the Compensation and Nominations Committee, respectively;
- reviewed the policy of professional and salary equality between men and women; and
- updated its Internal Regulations.

Regarding corporate governance, the Supervisory Board's work mainly related to:

- setting the principles, criteria and components of Ms. Caroline Parot's compensation as Chairwoman of the Management Board;
- setting the principles, criteria and components of compensation for the other members of the Management Board;
- setting the terms and conditions for distributing the attendance fees for the members of the Supervisory Board for the 2017 and 2018 fiscal years;
- reviewing the Company's policy regarding the executives' long term incentive compensation;
- reviewing the selection of directors at the time of renewing the Board's composition; and
- approving the succession plan for the members of the Management Board and the Group Executive Committee.

The Supervisory Board's reflection on its performance and annual assessment

Once a year, the Supervisory Board should devote a point of its agenda to the assessment of its operations and discuss its performance in view of improving its efficiency, ascertaining that important issues were properly prepared and discussed internally and measuring the actual contribution of each of its members to its work. In addition, the Supervisory Board's Internal Regulations stipulate that a formal assessment must be carried out every three years by an external firm under the

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direction of the Compensation and Nominations Committee, in order to verify in particular compliance with the working principles of the Supervisory Board and enable areas in which the Supervisory Board's performance and efficiency can be improved to be identified. In the two years following the formal assessment, Supervisory Board's Internal Regulations allow for self-assessment.

Furthermore, the Supervisory Board's Internal Regulations call for a formal assessment of the Supervisory Board and its committees to be carried out every three years, by an independent member of the Supervisory Board and, where appropriate, with the assistance of an external consultant, in order to verify that the Supervisory Board's working procedures are being followed and to identify any proposals intended to improve its work and efficiency. During the two years following the formal assessment, the Supervisory Board's Internal Regulations allow for self-assessment of the Supervisory Board by its members.

Thus, in accordance with the Supervisory Board's Internal Regulations and the AFEP-MEDEF Code recommendations, a formalized evaluation of the composition, organization and functioning of the Supervisory Board and its committees was conducted in late 2016 by an independent outside consultant and presented to the Supervisory Board on February 24, 2017. This evaluation showed that the diversity in the composition of the members of the Board and changes in the functioning of the Supervisory Board were positive. Possible improvements have nevertheless been identified and have been implemented during 2017. They concern in particular: The prioritization of the subjects on the agendas of meetings and the establishment, in conjunction with the members of the Board, of an agenda of the subjects which will be presented and discussed by the Supervisory Board during the year. The areas for improvement suggested by the report were presented and discussed at the meeting of the Supervisory Board on February 24, 2017, during the agenda item devoted each year to discussing the functioning of the Supervisory Board.

A self-assessment on the composition, organization and functioning of the Supervisory Board and its Committees during the fiscal year 2017 was carried out by members of the Supervisory Board and supervised by the Compensation and Nominations Committee. The conclusions of this self-assessment were presented to the Supervisory Board on February 28, 2018.

This self-assessment established that the areas for improvement identified at the previous assessment of the Supervisory Board and presented on February 24, 2017 had been implemented. The members of the Supervisory Board all agreed that, for the most part, implementation in fiscal year 2017 of the recommendations made and areas for improvement identified in February 2017 had been satisfactory. The new areas for improvement suggested in the findings of the self-assessment carried out in January 2018 were presented and discussed during the Supervisory Board meeting of February 28, 2018, under the agenda point devoted every year to a discussion about the way in which the Supervisory Board works. The major points were to make a greater effort to offer new Board members a more structured integration program and to systematically conduct after-the-fact analysis of the significant strategic decisions.

5.2.3 Supervisory Board Committees

Pursuant to Article 20.VI of the Company's bylaws and Article 11 of the Supervisory Board's Internal Regulations, the Supervisory Board may form committees charged with examining questions submitted to them by the Board or its Chairman. The Supervisory Board created an Audit Committee and Compensation and Nominations Committee whose composition, duties and operating rules are described below. The composition of these committees, as decided by the Supervisory Board, complies with the recommendations of the AFEP-MEDEF Code.

On March 20, 2018, the Supervisory Board decided to create a Strategic Committee and adopted its Internal Regulations, the main provisions of which are set out in Section 5.2.3.3 of this Registration Document.

5.2.3.1 Audit Committee

Composition (Article 11 of the Supervisory Board's Internal Regulations)

In accordance with Article 11 of the Supervisory Board's Internal Regulations, the Audit Committee must be comprised of two to five members chosen from among the members of the Supervisory Board, with particular consideration given to their independence and may not include any senior executive or corporate officer of the Company. In accordance with applicable legal provisions, the members of the Audit Committee must have specialized financial and/or accounting knowledge and at the time of their appointment receive Company-specific accounting, financial and operating information.

The Audit Committee members' terms expire at the same time as their terms on the Supervisory Board; however, the Supervisory Board may at any time change the composition of the Committee and thus end the term of a committee member.

The Chairman of the Audit Committee is appointed by the Supervisory Board from among the Committee's members for his/her entire term as a member of this Committee.

As of the date of this Registration Document, the Audit Committee comprises the four following members, three of which, including the Chairman, are independent members. As the proportion of independent members within the Audit Committee is three-quarters, the composition of this Committee complies with the recommendations of the AFEP-

MEDEF Code. The four members of the Audit Committee have the necessary financial and accounting skills in light of their career paths and experience, as described in Section 5.1.2.1 "Composition of the Supervisory Board" of this Registration Document.

COMPOSITION OF THE AUDIT COMMITTEE

Members	Independence
Kristin Neumann (Chairwoman)	✔
Philippe Audouin	
Pascal Bazin	✔
Virginie Fauvel	✔

Duties (Article 1 of the Audit Committee's Internal Regulations)

The duties of the Audit Committee are to oversee the preparation and audit of accounting and financial information and to ensure the effectiveness of risk monitoring and internal operating control mechanisms in order to facilitate the Supervisory Board's oversight of control and verification mechanisms. Within this framework, the Audit Committee provides all advice and recommendations to the Supervisory Board in carrying out the following main duties:

(I) OVERSEEING THE PREPARATION OF ACCOUNTING AND FINANCIAL INFORMATION

Prior to their presentation to the Supervisory Board, the Audit Committee must review the parent company and consolidated financial statements, annual or half-yearly, and ensure the relevance and constancy of the accounting methods used to establish these statements. The Audit Committee will review, if needed, all major transactions that may have entailed conflicts of interest. The Audit Committee must express an opinion on any significant changes to the accounting principles applied by the Company when preparing its consolidated financial statements (annual or half-yearly) with the exception of changes caused by modified IAS/IFRS.

The Audit Committee must review the scope of consolidated companies and, if need be, the reasons why companies are excluded from the scope.

The Audit Committee must in particular examine provisions and their adjustments and any situation that may generate a significant risk for the Group as well as all financial information and all annual, half-yearly or quarterly reports drawn up in the regular course of business or for a specific transaction (for example a contribution, a merger or a market transaction).

This review must take place insofar as possible two (2) days prior to the review by the Supervisory Board.

The review of the annual and half-yearly financial statements must be accompanied by a presentation from the Statutory Auditors indicating the key points of the legal audit and of the accounting options used as well as a presentation by the Chief Financial Officer describing the risk exposure and significant off-balance sheet commitments of the Company and its subsidiaries.

The Statutory Auditors must in particular be heard at the time of the Committee meetings dealing with the preparation and control of the annual and half-yearly financial statements in order to report on the execution of their mission and the conclusions of their work.

This allows the Committee to be informed of the main areas of risk or uncertainty regarding the accounts identified by the Statutory Auditors, their audit approach and any difficulties encountered during their mission.

If applicable, the Audit Committee shall make recommendations in order to guarantee the integrity of the financial information.

(II) OVERSEEING THE EFFECTIVENESS OF THE INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS CONCERNING ACCOUNTING AND FINANCIAL INFORMATION

The Audit Committee must ensure the relevance, reliability and implementation of internal control procedures and the identification, hedging and management of the Company's risks in relation to its activities and its accounting and financial information. The Audit Committee monitors the effectiveness of the internal audit, in particular the procedures relating to the preparation and processing of accounting and financial information, without prejudice to its independence.

The Committee must also review the significant risks and off-balance sheet commitments of the Company and its subsidiaries and assess the significance of the shortcomings or weaknesses that are communicated to it and inform the Supervisory Board where necessary. The Committee must in particular interview the persons in charge of the internal audit and regularly examine the business risk map. In addition, the Committee must give its opinion on the organization of the Internal Audit Department and be informed of its audit program. It should receive the internal audit reports or a periodic summary of these reports.

(III) OVERSEEING THE LEGAL AUDIT OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS BY THE COMPANY'S STATUTORY AUDITORS

The Audit Committee must gather and monitor information from the Company's Statutory Auditors (also without the presence of members of the Management Board) notably on their general work schedule, , on changes they consider necessary to the Company's accounts or other records, on any accounting irregularities, anomalies or inaccuracies they may have identified, on uncertainties or significant risks concerning the drawing up and processing of accounting and financial data, on the conclusions drawn from their observations and corrections concerning the period's results compared to those of the previous period, and on any significant internal control weaknesses they may have discovered.

(IV) OVERSEEING THE INDEPENDENCE OF THE STATUTORY AUDITORS

The Committee must steer the procedure for selecting and renewing the Statutory Auditors and submit the results of this selection to the Supervisory Board. In accordance with the regulations in force, the Audit Committee must appoint Statutory Auditors from new firms by conducting a tender process when the term of appointment including renewals has reached the maximum permitted (24 years as co-Statutory Auditor from the date of the Company's IPO). The Audit Committee submits a recommendation based on the results of this selection to the Supervisory Board. It also issues a recommendation on the Statutory Auditors proposed for appointment by the Shareholders' Meeting.

In order for the Audit Committee to monitor the Statutory Auditors' compliance with the rules pertaining to their independence and objectivity throughout the duration of their mandate, the Committee must obtain at the end of every fiscal year:

- as from the fourth fiscal year beginning after June 16, 2016 (*i.e.*, in 2020), the Statutory Auditors' statement of independence, which must include in particular confirmation that non-audit services do not exceed (except with the agreement of the Statutory Auditors' High Commissioner (H3C)) the threshold of 70% of the average of fees paid over the last three consecutive fiscal years for the statutory audit of the financial statements of the Company and the companies it controls, and the Group's financial statements;
- the amount and detailed breakdown of fees paid by category of assignment to the Statutory Auditors and their network during the fiscal year by companies in which the Company has a controlling interest and by its controlling entity; and
- information on the services provided other than certification of the financial statements.

In addition, the Committee must review with the Statutory Auditors the risks pertaining to their independence and the safeguard measures taken to reduce these risks. It must in particular ensure that the amount of the fees paid by the Company and the Group, or the part it represents of the revenue of the Statutory Auditor firms or their networks, is not of a nature to endanger the independence of the Statutory Auditors.

In accordance with the provisions of Article L. 822-11-2 of the French Commercial Code, services other than the certification of the financial statements which are not mentioned in Section II of Article L. 822-11 and in Section I of Article L. 822-11-1 of the French Commercial Code, may be provided by the Statutory Auditors, or members of its network, to the Company or to persons or entities controlling it or which are controlled by it within the meaning of Sections I and II of Article L. 233-3 of the French Commercial Code, subject to approval by the Audit Committee. The procedure for prior approval by the Audit Committee of such services is described in Appendix A of the Audit Committee's Internal Regulations.

Committee meetings (Article 2 of the Audit Committee's Internal Regulations and Article 11 of the Supervisory Board's Internal Regulations)

The Audit Committee may conduct meetings in person or *via* video or telephone conference pursuant to the same rules as the Supervisory Board, when convened by its Chairman or secretary, so long as at least half of its members participate. Committee members may not give proxies to other members to represent them.

The Audit Committee's recommendations are adopted by a simple majority of members present. In the event of a tie, the vote of the Committee's Chairman prevails.

The notice of meeting must include an agenda and may be transmitted orally or by any other means.

The Audit Committee meets as often as necessary and, in any event, at least twice a year in connection with the Group's preparation of the annual and interim financial statements.

The Audit Committee's meetings are held prior to the meeting of the Supervisory Board and, to the extent possible, at least two days prior when the Audit Committee's agenda includes examination of interim or annual financial statements prior to their review by the Supervisory Board.

Minutes are prepared for each meeting, in the absence of other provisions, by the meeting's secretary appointed by the Committee's Chairman, under the authority of the Committee's Chairman. The minutes are sent to all members of the Committee. The Chairman of the Committee decides conditions pursuant to which it reports on its work to the Supervisory Board.

The Audit Committee may rely on, if necessary, external experts through requests for technical studies on topics relevant to their skills.

The Committee presents its work at the next Supervisory Board meeting.

Activity of the Audit Committee in 2017

During the 2017 fiscal year, the Audit Committee met five times, with an attendance rate of 100%. In 2017, the Audit Committee examined and/or formed opinions in particular on the following issues:

- the review of the 2016 annual and consolidated and the 2017 first half financial statements;
- the review of the 2017 first and third quarter financial statements;
- the review of the internal control, the actions carried out by the internal audit, and the Risk Map; and
- the review of the internal IT control and of the IT systems safety plan.

5.2.3.2 Compensation and Nominations Committee

Composition (Article 11 of the Supervisory Board's Internal Regulations)

In accordance with Article 11 of the Supervisory Board's Internal Regulations, the Compensation and Nominations Committee must be comprised of two to five members chosen from among the members of the Supervisory Board, with particular consideration given to their independence and their skills with respect to the selection or compensation of corporate officers of listed companies. The Compensation and Nominations Committee may not include any executive director of the Company.

The Compensation and Nominations Committee members' terms expire at the same time as their terms on the Supervisory Board; however, the Supervisory Board may at any time change the composition of the Committee and thus end the term of a committee member.

The composition of the Compensation and Nominations Committee may be modified by the Supervisory Board, acting at the request of its Chairman, and, in any event, must be modified in the event of a change in the general composition of the Supervisory Board.

The Chairman of the Compensation and Nominations Committee is appointed from among the independent members by the Supervisory Board, upon the proposal of the Chairman of the Supervisory Board.

As of the date of this Registration Document, the Compensation and Nominations Committee comprises the three following members, two of which, including the Chairman, are independent members. As the proportion of independent members within the Compensation and Nominations Committee is a majority, the composition of this Committee complies with the recommendations of the AFEP-MEDEF Code.

COMPOSITION OF THE COMPENSATION AND NOMINATIONS COMMITTEE

Members	Independence
Pascal Bazin (Chairman)	✔
Eric Schaefer	
Angélique Gérard	✔

Duties (Article 1 of the Internal Regulations of the Compensation and Nominations Committee)

The Compensation and Nominations Committee is a specialized committee of the Supervisory Board whose main duty is to assist the Supervisory Board in constituting the Company's management bodies and determine and regularly evaluate the compensation and benefits received by the members of the Management Board, including deferred benefits and/or severance pay for voluntary or forced departure from the Group.

In this context, the Compensation and Nominations Committee carries out the following duties:

- *proposal of candidates for appointment to the Supervisory Board, to the Management Board and to Board Committees and evaluating the independent nature of the members of the Supervisory Board*

  The Compensation and Nominations Committee makes proposals for the appointment of members of the Supervisory Board (either by the Shareholders' Meeting or by co-option) and of the Management Board and for the appointment of members and chairpersons of each of the Supervisory Board's committees.

  Concerning the appointment of members of the Supervisory Board, the Committee examines in detail all elements to be taken into account in its deliberation, in particular on the basis of the composition and changes in the shareholder base of the Company, to balance the composition of the Board: gender representation, nationality, international experience, expertise, etc. In particular, the Committee organizes a procedure to select future independent members of the Supervisory Board and conducts its own studies on potential candidates before making any approach to them;

- *implementation of a succession plan for executive corporate officers*

  The Compensation and Nominations Committee has drawn up and kept up-to-date a confidential succession plan for the members of the Management Board as well as the members of the Executive Committee, so as to be in a position to quickly propose succession solutions to the Supervisory Board in the event of an unexpected vacancy. Within the performance of the above work, the Committee involves the Chairwoman of the Management Board;

- *annual evaluation of all offices held by the members of the Supervisory Board*

  Each year prior to the publication of the Company's Annual Report, the Compensation and Nominations Committee examines the status of each member of the Supervisory Board with regard to the rules on the holding of multiple offices and submits its findings to the Supervisory Board so that the Supervisory Board may examine the status of the members as appropriate under these standards;

- *examination and proposal to the Supervisory Board of all components and terms of compensation of the members of the Management Board*

  The Committee studies and makes proposals that include the fixed and variable compensation, as well as, if applicable, share subscription or purchase options, performance share grants, retirement and pension plans, severance packages, benefits in kind and individual benefits and all other possible direct or indirect compensation (including long-term) that may be included in the compensation of members of the Management Board.

The Committee is informed of the compensation policy for the principal executives who are not corporate officers, as well as of the hiring and compensation of the members of the Executive Committee. The Committee works together with the members of the Management Board on this task;

- *evaluation and proposal to the Supervisory Board concerning allocation of attendance fees*

  The Committee submits a proposal to the Supervisory Board for the total amount of attendance fees and the allocation terms for the members of the Supervisory Board, taking into account their actual participation on the Board and on the Committees of which they are members, the responsibilities undertaken and the time that they must devote to their duties.

  The Committee also submits a proposal on the compensation allocated to the Chairman and Vice-Chairman of the Company's Supervisory Board;

- *exceptional duties*

  The Committee is consulted by the Supervisory Board to make recommendations on all exceptional compensation related to exceptional duties which may be given by the Supervisory Board to certain of its members.

Committee meetings (Article 2 of the Internal Regulations of the Compensation and Nominations Committee and Article 11 of the Supervisory Board's Internal Regulations)

The Compensation and Nominations Committee may conduct meetings in person or *via* video or telephone conference pursuant to the same rules as the Supervisory Board, when convened by its Chairman or secretary, so long as at least half of its members participate. Committee members may not give proxies to other members to represent them.

The Compensation and Nominations Committee's recommendations are adopted by a simple majority of the members present. In the event of a tie, the vote of the Committee's Chairman prevails.

The notice of meeting must include an agenda and may be transmitted orally or by any other means.

The Compensation and Nominations Committee meets as often as necessary and, in any event, prior to any meeting at which the Supervisory Board votes on the compensation of the members of the Management Board or the allocation of attendance fees.

The Committee presents its work at the next Supervisory Board meeting. The Supervisory Board then discusses the components of compensation of Management Board members without the latter being present.

ACTIVITY OF THE COMPENSATION AND NOMINATIONS COMMITTEE IN 2017

During the 2017 fiscal year, the Compensation and Nominations Committee met five times, with an overall attendance rate of 100%.

In 2017, the Compensation and Nominations Committee examined and/or issued recommendations where appropriate on the following issues:

- setting principles, criteria and elements of compensation for the members of the Management Board for the 2017 fiscal year and notably their fixed compensation and fixing criteria to determine their variable compensation;
- determining variable compensation of the members of the Management Board in respect of the 2016 fiscal year on the basis of the 2016 financial statements;
- presentation of the results of the employee shareholding plan, ESOP 2017;
- the appointment of a new member of the Supervisory Board;
- the policy to be implemented to retain talent within the Group;
- reviewing existing incentive plans within the Group;
- establishing a succession plan for the members of the Management Board, the Group Executive Committee and the Managing Directors of the Corporate Countries;
- the study of the implementation of a free share grant plan for certain employees and members of the Management Board of the Group;
- determining the terms of breakdown of attendance fees for the Supervisory Board; and
- steering the self-assessment of the Supervisory Board and its committees.

5.2.3.3 Strategic Committee

At its meeting on March 20, 2018, the Supervisory Board unanimously decided to create a strategic committee to study and examine the merits of acquisition projects and opportunities for large investments that could facilitate or accelerate the good execution of the Company's development strategy. A new version of the Supervisory Board's Internal Regulations reflecting the creation of this new committee was approved at the meeting of the Supervisory Board on March 20, 2018. The main provisions concerning the composition, duties and work of the Committee are presented below.

Composition (Article 11 of the Supervisory Board's Internal Regulations)

In accordance with Article 11 of the Supervisory Board's Internal Regulations, the Strategic Committee must be composed of two to five members chosen from among the members of the Supervisory Board.

The Strategic Committee members' terms expire at the same time as their terms on the Supervisory Board; however the Supervisory Board may at any time change the composition of the Committee and thus end the term of a committee member.

The composition of the Strategic Committee may be modified by the Supervisory Board, acting at the request of its Chairman, and, in any event, must be modified in the event of a change in the general composition of the Supervisory Board.

The Chairman of the Strategic Committee is appointed from among the independent members by the Supervisory Board, upon the proposal of the Chairman of the Supervisory Board.

As of the date of filing of this Registration Document, the Strategic Committee had not yet been formed. It will be formed at the Supervisory Board meeting to be held on May 22, 2018 after the Annual General Meeting of May 17, 2018.

Duties (Article 1 of the Strategic Committee's Internal Regulations)

The Strategic Committee analyzes in particular the Group's various potential strategic guidelines and options that are likely to favor its development.

It studies and examines the prospective relevance of partnership agreements, acquisition projects or significant investment opportunities that could facilitate or accelerate the good execution of the Company's development strategy,

It studies and issues recommendations on strategic acquisition and investment projects that are subject to the prior approval of the Supervisory Board.

It studies the risks associated with plans projects of development or establishment in countries where the Group is not present.

It is also responsible for issuing recommendations regarding the investments needed to implement each of the strategies contemplated.

It ensures that the strategy adopted and applied by the Management Board is consistent with the strategic orientations adopted by the Company or makes any recommendation to modify this policy.

The Strategic Committee's role is to assist the Supervisory Board. To that end, it issues all opinions and recommendations to the Supervisory Board in the aforementioned areas.

More generally, the Strategic Committee is tasked with identifying and submitting to the Supervisory Board any direction or initiative deemed interesting for the future of the Company, provided that it preserves its operational functioning and ensures the maintenance of the major financial balances.

Committee meetings (Article 2 of the Strategic Committee's Internal Regulations and Article 11 of the Supervisory Board's Internal Regulations)

The Strategic Committee may conduct meetings in person or *via* video or telephone conference pursuant to the same rules as the Supervisory Board, when convened by its Chairman or secretary, providing that at least half of its members participate. Committee members may not give proxies to other members to represent them.

The Strategic Committee's recommendations are adopted by a simple majority of members present. In the event of a tie, the vote of the Committee's Chairman prevails.

The notice of meeting must include an agenda and may be transmitted orally or by any other means.

The Committee presents its work at the next Supervisory Board meeting.

5.2.4 Report of the Supervisory Board on corporate governance

Report of the supervisory board under article L. 225-68 of the French commercial Code

In accordance with Article L. 225-68 of the French Commercial Code, the report by the Supervisory Board for the fiscal year ended December 31, 2017 includes information on the composition of the Supervisory Board and the conditions in which it prepares and organizes its work. It also includes the list of all the terms of office and positions held by each of the corporate officers within the Company during the fiscal year. The report also describes the application of the principle of balanced gender representation on the Supervisory Board.

It presents comments of the Supervisory Board on the Management Board's report and the financial statements for the fiscal year ended December 31, 2017. It also indicates the limitations exercised by the Supervisory Board on the powers of the Management Board. This report also specifies that the Company voluntarily applies a Code of corporate governance, and states the provisions that have been waived and the reasons for this. This report also states the specific procedures relating to the participation of shareholders in Shareholders' Meetings. It also lists the total compensation and benefits of any kind paid during the fiscal year ended December 31, 2017 to the corporate officers, describes the fixed, variable and exceptional components comprising this compensation and benefits as well as the criteria used to calculate them or circumstances applied to grant them. Commitments of any kind made by the Company in favor of its corporate officers and the terms used to determine these commitments are also indicated. The report also shows the information provided for under Article L. 225-37-5 of the French Commercial Code. This report shows the status of regulated agreements concluded (excluding agreements concluded under normal conditions) during the fiscal year ended December 31, 2017. These regulated agreements include those entered into directly or through an intermediary by and between (i) one of the corporate officers or one of the shareholders holding more than 10% of the voting rights, and (ii) a subsidiary of the Group. Furthermore, it contains a table summarizing the current delegations of powers granted by Shareholders' Meetings regarding share capital increases. Lastly, it shows draft resolutions prepared by the Supervisory Board for approval of the principles and criteria for determining components of compensation and benefits of all kinds granted to the corporate officers in connection with their appointment for fiscal year 2018. These principles and criteria are also presented in the report of the Supervisory Board.

This Registration Document includes all the items from the report by the Supervisory Board referred to in Article L. 225-68 of the French Commercial Code. References to Sections of this Registration Document corresponding to the various parts of the report by the Supervisory Board can be found below.

The report of the Supervisory Board and the procedures underlying it were approved in their entirety by the Supervisory Board during its meeting of February 28, 2018.

Items from the report on corporate governance	Registration Document Chapter/Section
Comments of the Supervisory Board on the Management Board's report and the financial statements for the fiscal year ended December 31, 2017	3.10
List of all the terms of office and positions in each company held by each of the corporate officers during the fiscal year ended December 31, 2017	5.1.1 5.1.2
Composition of the Supervisory Board and conditions in which it prepares and organizes its work	5.1.2.1 5.1.3 5.2.1 5.2.2 5.2.3 6.2.2.2
Application of the principle of balanced representation of men and women within the Supervisory Board	5.1.3.5
Limitation of the powers of the Management Board	6.2.2 5.2.1.2
Reference to the Corporate Governance Code and deviations from the Code	5.1.4
Total compensation and benefits of any kind paid to the corporate officers during the fiscal year ended December 31, 2017. The fixed, variable and exceptional components comprising this compensation and benefits as well as the criteria used to calculate them or circumstances applied to grant them. Commitments of any kind made by the Company in favor of its corporate officers.	5.3
Specific procedures relating to the participation of shareholders in Shareholders' Meetings	6.2.5
Table of currently valid delegations granted by Shareholders' Meetings to increase the share capital	6.3.5.1
Information provided for in Article L. 225-37-5 of the French Commercial Code	6.6
Agreements concluded (excluding agreements concluded under normal conditions) entered into directly or through an intermediary by and between (i) one of the corporate officers or one of the shareholders holding more than 10% of the voting rights, and (ii) a subsidiary of the Group	7.2
Draft resolutions prepared by the Supervisory Board for approval of the principles and criteria to determine the components of compensation and benefits of all kinds granted to the corporate officers	5.3.1.5 and 5.3.2.3

5.3 COMPENSATION AND BENEFITS OF ANY KIND RECEIVED BY CORPORATE OFFICERS

The compensation of the members of the Management Board, as well as that of the members of the Supervisory Board, is determined by the Supervisory Board on recommendation of the Compensation and Nominations Committee.

In its analysis and proposals to the Supervisory Board, the Compensation and Nominations Committee pays particular attention to comply with the recommendations of the AFEP-MEDEF Code.

5.3.1 Compensation of the members of the Management Board

5.3.1.1 Compensation principles of the members of the Management Board

The compensation of the members of the Management Board takes into account the principles of comprehensiveness, balance, comparability, coherence, intelligibility and measure, in accordance with the recommendations of the AFEP-MEDEF Code.

All components of compensation of the members of the Management Board are examined and decided each year by the Supervisory Board, on recommendation of the Compensation and Nominations Committee taking into account the following elements: the responsibilities of the members, performance, applicable regulations, the recommendations of the AFEP-MEDEF Code and market practices. During the first quarter of 2018, the Compensation and Nominations Committee commissioned an independent firm to carry out a comparative study of the compensation of the members of the Management Board. (For more information the results of this study and the consequences on the 2018 compensation policy, please see Section 5.3.1.5 “*Compensation policy in 2018”* of this Registration Document).

Compensation structure

The compensation of each member of the Management Board comprises the following components:

- fixed annual compensation payable over a period of 12 months;
- variable annual compensation expressed as a percentage of the fixed annual compensation;
- performance share grants, where appropriate;
- benefits in kind; and
- possible exceptional compensation.

Fixed compensation

The fixed compensation for each of the members of the Management Board reflects the responsibility that they assume and their respective expertise. This is consistent and takes into account the attractiveness of this compensation against the market. This compensation was adjusted in 2016 for Ms. Caroline Parot and Mr. Fabrizio Ruggiero and adjusted in 2017 for Mr. Fabrizio Ruggiero and Mr. Kenneth McCall. No adjustment to the fixed compensation of any of the members of the Management Board took place nor is expected in 2018.

As indicated above, three studies, conducted in 2016, 2017 and 2018 by an independent firm specializing in compensation analyses helped to determine all of the components of compensation of the members of the Management Board. The study carried out in 2017 noted that a discrepancy existed between the (fixed and variable) compensation for the previous years and those resulting from the market analysis, which led to the fixed compensation adjustment for Mr. Fabrizio Ruggiero and Mr. Kenneth McCall. The study carried out in 2018 compared both companies in the SBF 80 and an international sample of companies of comparable size to the Group in the leisure, digital services and mobility sectors. The study conducted in 2018 revealed no significant variance between the 2017 compensation of the members of the Management Board and the levels observed through market analysis.

A review of the fixed compensation for members of the Management Board is, in the same way as all components of compensation for members of the Management Board, conducted annually by the Supervisory Board on recommendation of the Compensation and Nominations Committee. The frequency of the changes in the fixed compensation of each of the members of the Management Board will depend on any differences that may be noted at the beginning of each fiscal year between the responsibilities assumed and the respective expertise of each of the members of the Management Board on the one hand, and the market analyses on the other, while still complying with the recommendations of the AFEP-MEDEF Code. Refer to the paragraphs in (A) of Section 5.3.1.2 *“Compensation of members of the Management Board in respect of FY 2017*” of this Registration Document for more information on the 2017 fixed compensation for the members of the Management Board and to the paragraphs in (A) of Section 5.3.1.5 *“Compensation policy in 2018”* for more information on the 2018 fixed compensation for the members of the Management Board.

Annual variable compensation

The annual variable compensation of the members of the Management Board is aimed at involving them in to the Group’s performance. In accordance with the AFEP-MEDEF Code, the variable compensation of each of the members of the Management Board corresponds to a percentage of their annual fixed compensation. Annual variable compensation of the members of the Management Board is intended to take into account their individual performances and the Company's performance and is based on qualitative and quantifiable performance criteria set individually for each member of the Management Board. The analysis of performance based on diverse predetermined criteria is assessed in relation to the Company's objectives, shareholders' interests and additionally, implementation of the Company's strategy. Refer to the paragraphs in (B) of Section 5.3.1.2 for more information on the 2017 fixed compensation for the members of the Management Board and the paragraphs in (B) of Section 5.3.1.5 for more information on the 2018 variable compensation for the members of the Management Board.

Long-term compensation: performance shares

In accordance with the compensation policy set out above, the Group wishes to involve the members of the Management Board and certain employees in the Group's performance through the granting of performance shares. These grants in particular align the shareholders' interests, corporate interests and those of management. Refer to Sections 5.3.1.3 and 5.3.1.4 for more information on the granting of performance shares to members of the Management Board in 2015 and 2017 and to the paragraphs in (C) of Section 5.3.1.5 for more information on the granting of performance shares to members of the Management Board in 2018.

Exceptional compensation

Very specific circumstances (for example, their importance for the Company, the involvement that they require or the difficulties that they present) could give rise to exceptional compensation allocated to the members of the Management Board. The granting of exceptional compensation would be exceptional, substantiated and recommended by the Compensation and Nominations Committee and then decided by the Supervisory Board.

The amounts corresponding to compensation granted in 2017 to each of the members of the Management Board are indicated in Section 5.3.3 *"Summary of the compensation and benefits of corporate officers"* of this Registration Document.

5.3.1.2 Composition of the compensation of the members of the Management Board in respect of year 2017

Shareholders' approval of components of compensation due or awarded to members of the Management Board in respect of fiscal year 2017

The component parts of the compensation due or allocated to the members of the Management Board for fiscal year 2017 as presented in Section 5.3.1.2 of this Registration Document will be submitted, pursuant to Article L. 225-100 of the French Commercial Code, for the approval of the shareholders at the Annual General Meeting to be held on May 17, 2018, under the terms of the draft resolutions, reproduced below.

Tenth Resolution (Approval of the components of the compensation paid or awarded for the year ended December 31, 2017 to Ms. Caroline Parot in her capacity as Chairwoman of the Management Board)

The Shareholders' Meeting, under the conditions required by Ordinary Shareholders' Meetings as to quorum and majority, having reviewed the report on corporate governance, prepared in accordance with the provisions of Article L. 225-68 of the French Commercial Code, approves the fixed, variable and exceptional components of the compensation and the benefits of all kinds paid or awarded for the year ended December 31, 2017 to Ms. Caroline Parot, Chairwoman of the Management Board, as set out in the report on corporate governance in Section 5.3.1.2 of the Company's 2017 Registration Document.

Eleventh Resolution (Approval of the components of the compensation paid or awarded for the year ended December 31, 2017 to Mr. Kenneth McCall and Mr. Fabrizio Ruggiero in their capacity as members of the Management Board and Deputy Chief Executive Officers of the Company)

The Shareholders' Meeting, under the conditions required by Ordinary Shareholders' Meetings as to quorum and majority, having reviewed the report on corporate governance, prepared in accordance with the provisions of Article L. 225-68 of the French Commercial Code, approves the fixed, variable and exceptional components of the compensation and the benefits of all kinds paid or awarded for the year ended December 31, 2017 to Mr. Kenneth McCall and Mr. Fabrizio Ruggiero, members of the Management Board and Deputy Chief Executive Officers, in respect of their office, as set out in the report on corporate governance in Section 5.3.1.2 of the Company's 2017 Registration Document.

(A) FIXED COMPENSATION OF MEMBERS OF THE MANAGEMENT BOARD IN 2017

The fixed annual compensation of the members of the Management Board for 2017 was decided by the Supervisory Board at its meetings of February 24 and March 13, 2017, upon proposal made by the Compensation and Nominations Committee on February 22 and March 8, 2017.

The fixed annual compensation due and paid to the members of the Management Board for 2017 is detailed below:

- the fixed annual compensation for Ms. Caroline Parot, having been revised upwards following her appointment as Chairwoman of the Management Board on November 23, 2016, was renewed at the same level, *i.e.* €510,000 for fiscal year 2017. Ms. Caroline Parot's change from employee to corporate officer in December 2016 required an adjustment to her salary, accomplished by increasing her January 2017 compensation by €42,500. Thus, the total fixed annual compensation received by Ms. Caroline Parot in respect of 2017 amounts to €552,500.
- the fixed annual compensation for the 2017 fiscal year for Mr. Kenneth McCall, which in 2016 amounted to 294,000 pounds sterling, was reassessed at £325,000 effective March 1, 2017, in view of his role as Deputy CEO – Corporate Countries and Group Operations from July 22, 2016 and in light of the findings of the comparative study of market compensation practices conducted in the first quarter of 2017 by the independent firm. This represents an increase of 10.54% in his fixed annual compensation compared to his fixed annual compensation in 2016. Thus, the total fixed annual compensation received by Mr. Kenneth McCall, as Deputy CEO - Corporate Countries and Group Operations, in respect of 2017 amounts to £325,000 (*i.e.* €370,500 [(1)]) in respect of 2017.
- the fixed annual compensation for the 2017 fiscal year for Mr. Fabrizio Ruggiero, which in 2016 was €280,000, was reassessed at €370,000 effective March 1, 2017, in view, in particular, of his role as Deputy CEO – Sales, Marketing, Group Customers and InterRent from July 22, 2016 and in light of the findings of the comparative study of market compensation practices conducted in the first quarter of 2017 by the independent firm. This represents an increase of 32.40% in his fixed annual compensation compared to his fixed annual compensation in 2016. Thus, the total fixed annual compensation received by Mr. Fabrizio Ruggiero, as Deputy CEO - Sales, Marketing, Group Customers and Low Cost, in respect of 2017 amounts to €370,000 in respect of 2017.

(B) VARIABLE COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD IN 2017

Description of the composition of the annual variable compensation

The principles and criteria of the annual variable compensation (hereafter, the "Annual Variable Compensation") of the Chairwoman and the other members of the Management Board are determined and reviewed every year by the Supervisory Board, on the recommendation of the Compensation and Nominations Committee, in compliance with the applicable legal provisions and the recommendations of the AFEP-MEDEF Code.

The Annual Variable Compensation is expressed as a percentage of the fixed annual compensation.

The **"Target Variable Compensation"** of a member of the Management Board corresponds to achievement of 100% of the objectives set on quantifiable and qualitative criteria defined annually by the Supervisory Board and represents 100% of the fixed annual compensation.

Each quantifiable criterion is defined with three performance levels that enable its degree of achievement to be assessed: minimum, target and maximum. At the beginning of the year, the performance levels of each objective (by criterion) are reviewed and approved by the Supervisory Board, on the proposal of the Compensation and Nominations Committee. The degree of achievement of the objectives relating to each quantifiable criterion is calculated by linear interpolation between the levels set. Thus, the performance levels for each quantifiable criterion were examined and approved by the Supervisory Board on February 24, 2017, upon recommendation of the Compensation and Nominations Committee on February 22, 2017.

At the beginning of the fiscal year, the qualitative criteria are reviewed and approved by the Supervisory Board, on the proposal of the Compensation and Nominations Committee.

The first stage in the calculation of Annual Variable Compensation consists in determining the degree to which the objectives for each of the qualitative and quantifiable criteria have been achieved (hereafter the "**Basic Variable Compensation**"). This Basic Variable Compensation is then adjusted upward or downward *via* the use of a multiplying coefficient based on the degree of achievement by the Group of the quantifiable annual customer recommendation target, the Net Promoter Score.

The qualitative performance criteria and the weighting to be applied to the quantifiable criteria are set individually, in a precise and objective manner, for the Chairman and each of the other members of the Management Board. The Supervisory Board on February 24, 2017 decided, upon recommendation of the Compensation and Nominations Committee on February 22, 2017, to renew the weighting of the quantifiable criteria applicable in 2017, under identical terms and conditions to those applicable since July 22, 2016.

Accordingly, for fiscal year 2017, the Basic Variable Compensation of the Chairwoman of the Management Board as well as that of the other members of the Management Board may vary between 0% and 135% of the fixed annual compensation depending on the degree of achievement of the objectives set for the quantifiable and qualitative criteria. After applying the coefficient linked to the Net Promoter Score, the Annual Variable Compensation can reach up to a maximum of 155% of the fixed annual compensation.

(1) Based on an average exchange rate of 1.14 between the pound sterling and the euro on December 31, 2017.

Description of the qualitative criteria

The qualitative criteria were established and defined individually, precisely and objectively for each member of the Management Board. As these criteria are directly linked to the Group's strategy, they cannot be disclosed for reasons of confidentiality.

The five qualitative objectives of Ms. Caroline Parot related to the implementation of the Group's strategy, the improvement of customer experience and implementing the new Group organization.

The four qualitative objectives of Mr. Kenneth McCall related to the implementation of the Group's strategy in the Vans & Trucks BU and improvements to the Group's operational performance.

The four qualitative objectives of Mr. Fabrizio Ruggiero related to implementation of the Group's strategy in the Low Cost and New Mobility BUs and the definition and implementation of a new commercial structure.

For fiscal year 2017, the qualitative criteria of the Basic Variable Compensation of the Chairwoman of the Management Board and other members of the Management Board represent 30% of their Target Variable Compensation and may vary from 0 to 30% of the fixed annual compensation depending on the degree of achievement of their individual objectives.

Description of the quantifiable criteria 2017

Taking into account the effective implementation of the new organizational model focused on five Business Units and the replacement of Mr. Kenneth McCall and Mr. Fabrizio Ruggiero, effective July 22, 2016, in their previous roles as Managing Directors of Corporate Countries, namely Europcar Groupe UK and Europcar Italia S.p.A. respectively, the Supervisory Board decided to apply identical quantifiable criteria for all of the members of the Management Board.

The quantifiable criteria and their weighting for the Chairwoman of the Management Board and the other members of the Management Board, as detailed in the table below, represent 70% of the Target Variable Compensation, and may vary between 0% and 105% of the fixed annual compensation, depending on the degree of achievement of the objectives for each criterion, as set out below:

(i) Group EBITDA, this criterion represents 40% of the Target Variable Compensation and may vary between 0% and 60% of the fixed annual compensation depending on the degree to which this criterion is achieved;

(ii) revenue (Top Line), this criterion represents 15% of the Target Variable Compensation and may vary between 0% and 22.5% of the fixed annual compensation depending on the degree to which this criterion is achieved; and

(iii) consolidated net profit, this criterion represents 15% of the Target Variable Compensation and may vary between 0% and 22.5% of the fixed annual compensation depending on the degree to which this criterion is achieved.

The weighting of the quantifiable and qualitative criteria in the Basic Variable Compensation of each of the members of the Management Board is shown in the table below.

Weighting of the qualitative and quantifiable criteria in 2017

(Approved by the Supervisory Board of February 24, 2017)

	Caroline Parot			Kenneth McCall			Fabrizio Ruggiero		
Criteria	**Weighting in the event that the target level of criteria is reached**	**Weighting in the event that the maximum level of criteria is reached**	**Weighting resulting from the degree of achievement of the objectives in 2017**	**Weighting in the event that the target level of criteria is reached**	**Weighting in the event that the maximum level of criteria is reached**	**Weighting resulting from the degree of achievement of the objectives in 2017**	**Weighting in the event that the target level of criteria is reached**	**Weighting in the event that the maximum level of criteria is reached**	**Weighting resulting from the degree of achievement of the objectives in 2017**
Qualitative criteria	30%	30%	27.0%	30%	30%	10.50%	30%	30%	27.0%
Group EBITDA	40%	60%	0%	20%	30%	0%	20%	30%	0%
Revenue	15%	22.5%	0%	15%	22.5%	0%	15%	22.5%	0%
Consolidated net profit	15%	22.5%	0%	15%	22.5%	0%	15%	22.5%	0%
TOTAL BEFORE APPLICATION OF THE COEFFICIENT LINKED TO THE *NET PROMOTER SCORE*	**100%**	**135%**	**27.0%**	**100%**	**135%**	**11%**	**100%**	**135%**	**27%**
TOTAL AFTER APPLICATION OF THE MAXIMUM COEFFICIENT LINKED TO THE *NET PROMOTER SCORE*	**115%**	**155%**	**N/A**	**115%**	**155%**	**N/A**	**115%**	**155%**	**N/A**
TOTAL AFTER APPLICATION OF THE 2017 COEFFICIENT LINKED TO THE *NET PROMOTER SCORE*	**-**	**-**	**26.80%**	**-**	**-**	**10.40%**	**-**	**-**	**26.80%**

Application of a multiplier based on the achievement by the Group of a net promoter score

For all of the members of the Management Board, including its Chairwoman, in the event the Group improves the Net Promoter Score by more than 10% of the objective, a maximum multiplier of 1.15x is applied to the Basic Variable Portion, making it possible for their Annual Variable Compensation to reach up to 155% of the fixed annual compensation. Conversely, in the event that the Net Promoter Score is unsatisfactory and below 10% of the objective, the minimum multiplier of 0.85x will be applied to the Basic Variable Portion. The multiplier is calculated by linear interpolation between the limits 0.85-1.15 on the basis of the change in the Net Promoter Score within the interval -10%/+10%.

The Group achieved a Net Promoter Score in 2017 of 54.7%, *i.e.* 0.3 point under the target objective set, and the resulting multiplier is 0.992.

Determination of the Annual Variable Compensation in respect of the 2017 fiscal year

On February 28, 2018, the Supervisory Board, on the recommendation of the Compensation and Nominations Committee on February 26, 2018, (i) assessed and approved the level of achievement of the quantifiable and qualitative criteria objectives for 2017 for each member of the Management Board, as presented in the table below (ii) noted the Group's Net Promoter Score for the fiscal year 2017, then (iii) set the Annual Variable Compensation after application of the multiplier coefficient related to the level of the Net Promoter Score achieved.

The Supervisory Board at its meeting on February 28, 2018, upon recommendation of the Compensation and Nominations Committee of February 26, 2018, resolved that the annual variable compensation of each member of the Management Board in respect of 2017 will be based exclusively on the achievement of qualitative criteria. For 2017, the qualitative criteria of the Basic Variable Compensation of the Chairman and of the Management Board could vary from 0 to 30% of the annual fixed compensation depending on the degree of achievement of their individual objectives.

The Supervisory Board at the abovementioned meeting approved the actions of each of the members of the Management Board in 2017 and set out the reasons for the decision on the degree of achievement of the qualitative criteria for each of them as follows:

The achievement by Management Board members of their respective qualitative objectives for 2017 is based on their positive actions leading to 2017 results, notably the significant events of 2017 described in Section 1.2.2. Specifically, for Ms Caroline Parot, this meant effective implementation of the new organization, digitization and focus on customer experience as explained in Sections 1.5.3, 1.5.4 and 1.5.5, deemed to have been 90% met. For Mr Fabrizio Ruggiero, this meant his actions in the Low Cost and New Mobility BUs and the effective implementation of the new organization described in Sections 1.5.3 and 1.5.4, deemed to have been 90% met. For Mr Kenneth McCall for his actions in the Vans & Trucks BU, as described in Sections 1.6.1 and 3.1.1 of and, for the part delivered in 2017, the cost structure and operational efficiency, described in more detail in Chapter 3, being deemed to have met 35% of these objectives.

The degree of achievement of the objectives for the 2017 qualitative and quantifiable criteria of each of the members of the Management Board is shown in the table below.

	Degree of achievement of the objectives		
Criteria	**Caroline Parot**	**Kenneth McCall**	**Fabrizio Ruggiero**
Qualitative criteria	90.00%	35.00%	90.00%
Group EBITDA	0.00%	0.00%	0.00%
Revenue	0.00%	0.00%	0.00%
Consolidated net profit	0.00%	0.00%	0.00%
TOTAL BEFORE APPLICATION OF THE COEFFICIENT LINKED TO THE NET PROMOTER SCORE	**27.00%**	**10.50%**	**27.00%**
TOTAL AFTER APPLICATION OF THE 2017 COEFFICIENT LINKED TO THE NET PROMOTER SCORE	**26.80%**	**10.40%**	**26.80%**

The annual variable compensation due to Ms. Caroline Parot for the 2017 fiscal year is €136,573.

The annual variable compensation due to Mr. Kenneth McCall for the 2017 fiscal year is €38,584.

The annual variable compensation due to Mr. Fabrizio Ruggiero for the 2017 fiscal year is €99,083.

The amounts corresponding to fiscal year 2017 compensation for members of the Management Board are detailed in the tables in Section 5.3.3 *"Summary of the compensation and benefits of corporate officers"* of this Registration Document.

(C) EXCEPTIONAL BONUS

No exceptional bonus has been paid or granted to the members of the Management Board with respect to fiscal year 2017.

(D) BENEFITS IN KIND IN 2017

The Chairwoman of the Management Board is provided with a company car, health/provident insurance, an annual health check and mandatory corporate officer unemployment insurance subscribed for on his behalf.

Mr. Kenneth McCall is provided with a company car, an annual health check as well as additional health insurance. Mr. Fabrizio Ruggiero is provided with a company car, an annual health check, a foreign service allowance and company accommodation in Paris, as well as additional accident and health insurance.

5.3.1.3 Performance share grants in 2015

Following the listing of the Company's shares for trading on the Euronext Paris regulated market, on June 25, 2015, the Supervisory Board decided, following prior approval by the Management Board, to implement a free share grant plan in favor of the members of the Group's Executive Committee (the "**AGA Top 13 Plan**"). Vesting of these free shares, following vesting periods of two years for Tranche 1 and three years for Tranche 2, is subject to the beneficiary's continued employment within the Group on June 25, 2017 (this will no longer apply to Tranche 2 shares from this date), and the achievement of the following performance conditions:

- with respect to the fiscal years ended December 31, 2015 and 2016, performance conditions related to Adjusted Corporate EBITDA (relating to Tranche 1 of the AGA Top 13 Plan); and
- with respect to the fiscal year ended December 31, 2017, performance conditions related to (i) Adjusted Corporate EBITDA and (ii) movements in the Company's stock price as compared with movements in the SBF 120 (relating to Tranche 2 of the AGA Top 13 Plan).

Furthermore, following the vesting period the free shares must be held for a period of two years.

Pursuant to Article L. 225-197-1 II of the French Commercial Code:

(i) the Chairperson of the Management Board shall retain a number of free shares equal to the lesser of (i) one-third of the shares granted and (ii) a number of free shares awarded under the regulations of said plan or any another share plan representing an amount equivalent to three (3) times the amount of her fixed annual compensation, bearing in mind that the Chairperson of the Management Board shall be required in all cases to retain a minimum of one granted share until she leaves office; and

(ii) the other members of the Management Board shall each be required to retain a number of free shares equal to the lesser of (i) one-third of the shares granted and (ii) a number of free shares granted under the regulations of said plan, or under any another share plan, representing an amount equivalent to one (1) times the amount of their respective fixed annual compensation, bearing in mind that the Managing Directors shall in all cases be required to retain a minimum of one granted share until they leave office.

The Management Board on June 26, 2017 acknowledged, after review by the Compensation and Nominations Committee of June 23, 2017, the final vesting of the 50% of the shares of Tranche 1 of the AGA Top 13 Plan by the Plan's beneficiaries, after review of the achievement of the performance conditions linked to adjusted corporate EBITDA in respect of fiscal year 2015 and regarding the fulfillment of the continued employment condition on the above-mentioned date. The Management Board also noted that the performance condition related to adjusted corporate EBITDA was not achieved in respect of fiscal year 2016 and consequently, the loss of rights by this Plan's beneficiaries to 50% of the shares in Tranche 1 of the AGA Top 13 Plan.

Following advice from the Compensation and Nominations Committee dated February 26, 2018, the Management Board meeting held on February 27, 2018 noted that the performance conditions applicable to Tranche 2 of the AGA Top 13 Plan had not been fulfilled and the loss of beneficial rights regarding Tranche 2 of the AGA Top 13 Plan.

Please see Section 5.3.3 "*Summary of the compensation and benefits of corporate officers*", Table 10 of this Registration Document for further information on the final vesting and the number of free shares granted to the members of the Management Board under the AGA 13 Plan.

Each beneficiary of the AGA Top 13 Plan has made a personal commitment not to resort to the use of hedging instruments prior to the end of the share retention period provided for under the terms of said plan. To the Company's knowledge, no hedging instruments were set up as of the date of this Registration Document.

5.3.1.4 Performance share grants in 2017

The Supervisory Board of February 24, 2017, upon recommendation of the Compensation and Nominations Committee of February 22, 2017, decided to authorize the Management Board to implement a free share plan for managers and certain employees of the Group (the "AGA 2017 Plan"). The conditions for the grant of shares, as well as the plan's main terms and conditions are as follows:

(i) the acquisition of these performance shares, following a vesting period of two years (or three years for non-French residents), is subject to the beneficiary's continued employment with the Group on the vesting date, and the achievement of the following performance conditions for the fiscal years ended December 31, 2017 and December 31, 2018, (i) group EBITDA, (ii) revenue, and (iii) a relative TSR (Total Shareholder Return);

(ii) when the vesting period is equal to 2 years, a one-year retention period is required for free shares. No retention period is required when the vesting period is equal to 3 years;

(iii) pursuant to Article L. 225-197-1 II of the French Commercial Code:

- the Chairperson of the Management Board shall retain a number of free shares equal to the lesser of (i) one-third of the shares granted and (ii) a number of free shares awarded under the regulations of said plan or any another share plan representing an amount equivalent to three (3) times the amount of his fixed annual compensation, bearing in mind that the Chairperson of the Management Board shall be required in all cases to retain a minimum of one granted share until he leaves office, and
- the Deputy CEOs of the Company shall each be required to retain a number of free shares equal to the lesser of (i) one-third of the shares granted and (ii) a number of free shares granted under the regulations of said plan, or under any another share plan, representing an amount equivalent to two (2) times the amount of their respective fixed annual compensation, bearing in mind that the Deputy CEOs shall in all cases be required to retain a minimum of one granted share until they leave office.

Each beneficiary of the AGA 2017 Plan has made a personal commitment not to resort to the use of hedging instruments prior to the end of the share retention period provided for under the terms of said plan. To the Company's knowledge, no hedging instruments were set up as of the date of this Registration Document.

Upon recommendation of the Compensation and Nominations Committee of March 16, 2018, the Management Board acknowledged on March 20, 2018 that the performance condition linked in particular to TSR was not fulfilled for the 2017 fiscal year.

5.3.1.5 Compensation policy in 2018

The components of the 2018 compensation follow the principles described in Section 5.3.1.1 *"Compensation principles of the members of the Management Board"* of this Registration Document. During the first quarter of 2018, the Compensation and Nominations Committee commissioned an independent firm to carry out a comparative study of the compensation of the members of the Management Board. The market analysis carried out in 2018 compared both companies in the SBF 80 and an international sample of companies of comparable size to the Group in the leisure, digital services and mobility sectors.

The results of this study highlighted the importance of positioning each element of compensation of the members of the Management Board in relation to market practices.

Taking into account this study, the compensation for each member of the Management Board in 2018, as decided by the Supervisory Board at its meeting on March 20, 2018, would comprise the following components:

- fixed annual compensation payable over a period of 12 months;
- annual variable compensation expressed as a percentage of the fixed annual compensation;
- performance share grants;
- benefits in kind;
- in very specific circumstances, an exceptional compensation may be granted; and
- severance compensation in the event of forced termination and non-compete clause.

The Target Variable Compensation of each of the members of the Management Board corresponds to 100% of the amount of his or her fixed annual compensation, it being specified that their Annual Variable Compensation may reach, after applying the maximum coefficient associated with the Net Promoter Score, 155% of their fixed annual compensation. Moreover, the number of performance shares that may be granted in 2018 to each member of the Management Board corresponds to 150% of his or her fixed annual compensation. Accordingly, the annual and multiannual variable compensation for a member of the Management Board for the 2018 fiscal year shall not exceed 305% of his or her fixed annual compensation.

Shareholders' approval of the compensation policy for members of the Management Board

In application of the new Article L. 225-82-2 of the French Commercial Code, under the terms of the draft resolutions shown below, the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components comprising the total compensation and benefits of any kind to be granted to the members of the Management Board, as described in Section 5.3.1.5 *"Compensation policy in 2018"* of this Registration Document, shall be submitted to the Annual General Meeting on May 17, 2018 for approval.

Moreover, payment of the variable and exceptional elements of compensation granted to each member of the Management Board for fiscal year 2018 shall be made subject to approval by the Annual General Meeting called in 2019 to approve the Company's financial statements for the fiscal year ended December 31, 2018.

Thirteen Resolution (Approval of the principles and criteria for determination, allocation and award of the fixed, variable and exceptional components of the total compensation and the benefits of all kinds that may be granted to the Chairwoman of the Management Board)

The Shareholders' Meeting, under the conditions required by Ordinary Shareholders' Meetings as to quorum and majority, having reviewed the report on corporate governance, prepared in accordance with the provisions of Article L. 225-68 of the French Commercial Code, approves the principles and criteria for determination, allocation and award of the fixed, variable and exceptional components of the total compensation and the benefits of all kinds that may be granted to the Chairwoman of the Management Board, as set out in the report on corporate governance in Sections 5.3.1.5, 5.3.1.8 and 5.3.1.9 of the Company's 2017 Registration Document.

Fourteenth Resolution (Approval of the principles and criteria for determination, allocation and award of the fixed, variable and exceptional components of the total compensation and the benefits of all kinds that may be granted to members of the Management Board)

The Shareholders' Meeting, under the conditions required by Ordinary Shareholders' Meetings as to quorum and majority, having reviewed the report on corporate governance, prepared in accordance with the provisions of Article L. 225-68 of the French Commercial Code, approves the principles and criteria for determination, allocation and award of the fixed, variable and exceptional components of the total compensation and the benefits of all kinds that may be granted to members of the Supervisory Board, as set out in the report on corporate governance in Sections 5.3.1.5, 5.3.1.8 and 5.3.1.9 of the Company's 2017 Registration Document.

The Supervisory Board on March 20, 2018 determined, upon proposal on March 16, 2018 from the Compensation and Nominations Committee the principles and criteria for determining, allocating ad awarding the fixed, variable and exceptional components comprising the total compensation and benefits of any kind attributable to the members of the Management Board, for the 2018 fiscal year, as follows:

(A) FIXED COMPENSATION OF MEMBERS OF THE MANAGEMENT BOARD IN 2018

The fixed annual compensation for Ms. Caroline Parot, having been revised upwards following her appointment as Chairwoman of the Management Board on November 23, 2016, was renewed at the same level, *i.e.* €510,000 for fiscal year 2017. Her fixed annual compensation will not be changed in 2018 and will be equal to €510,000 in 2018.

The fixed annual compensation in respect of fiscal year 2017 for Mr. Kenneth McCall was reassessed in 2017. His fixed annual compensation will not be changed in 2018 and will be equal to that of 2017, *i.e.*, £325,000.

The fixed annual compensation in respect of fiscal year 2017 for Mr. Fabrizio Ruggiero was reassessed in 2017. His fixed annual compensation will not be changed in 2018 and will be equal to that of 2017, *i.e.*, €370,000.

(B) VARIABLE COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD IN 2018

DESCRIPTION OF THE COMPONENTS OF ANNUAL VARIABLE COMPENSATION

The principles and criteria of the annual variable compensation (hereafter, the "**Annual Variable Compensation**") of the Chairwoman and the Management Board and the other members of the Management Board are determined and reviewed every year by the Supervisory Board, on the recommendation of the Compensation and Nominations Committee, in compliance with the applicable legal provisions and the recommendations of the AFEP-MEDEF Code.

The Supervisory Board on March 20, 2018, upon recommendation of the Compensation and Nominations Committee on March 16, 2018, decided to renew the principles implemented in 2017 and adopt the qualitative and quantifiable criteria applicable for 2018, as described below.

The Annual Variable Compensation is expressed as a percentage of the fixed annual compensation.

The **"Target Variable Compensation"** of a member of the Management Board corresponds to achievement of 100% of the objectives set on quantifiable and qualitative criteria defined by the Supervisory Board and represents 100% of the annual fixed compensation.

Each quantifiable criterion is described with three performance levels that enable its degree of achievement to be assessed: minimum, target and maximum. The performance levels for each quantifiable criterion were examined and approved by the Supervisory Board, on the recommendation of the Compensation and Nominations Committee. The degree of achievement of each criterion shall be approved by the Supervisory Board upon recommendation of the Compensation and Nominations Committee during examination of the fiscal year 2018 financial statements, with linear interpolation between the defined levels.

The qualitative criteria established and defined individually in a precise and objective way by the Supervisory Board, upon proposal of the Compensation and Nominations Committee, cover the specific responsibilities of each member of the Management Board and the main group transformation projects for 2018. Moreover, the Supervisory Board also decided to renew the weighting of the quantifiable criteria applicable in 2018, under identical terms and conditions to those applicable in 2017.

The first step in calculating the Annual Variable Compensation shall consist in determining the degree to which the objectives relating to the qualitative and quantifiable performance criteria are achieved (hereafter, the **"Basic Variable Portion"**). This Basic Variable Portion is then adjusted upwards or downwards by applying a multiplier based on the degree of achievement by the Group of the quantifiable annual customer recommendation target, the Net Promoter Score, of the Group.

For the fiscal year 2018, the Basic Variable Portion of the Chairwoman and the other members of the Management Board may vary between 0% and 135% of their fixed annual compensation depending on the degree to which objectives relating to the quantifiable and qualitative criteria set by the Supervisory Board are achieved. After applying the coefficient linked to the Net Promoter Score, their Annual Variable Compensation can reach up to a maximum of 155% of their fixed annual compensation.

DESCRIPTION OF THE QUALITATIVE CRITERIA ON 2018

The qualitative criteria were established and defined individually and precisely for each member of the Management Board by the Supervisory Board on the recommendation of the Compensation and Nominations Committee.

The three qualitative objectives of Ms. Caroline Parot relate to the implementation of the Group's strategy, the improvement of customer experience and managing talents in the Group.

The three qualitative objectives of Mr. Kenneth McCall relate to the implementation of the Group's strategy in operations, integration of acquisitions and improvements to the Group's operational performance.

The three qualitative objectives of Mr. Fabrizio Ruggiero relate to the implementation of the Group's strategy in new mobilities, integration of the Low Cost BU and improvement of customer experience.

With respect to fiscal year 2018, the qualitative criteria of the Basic Variable Portion of the Chairwoman and the other members of the Management Board will represent 30% of their Target Variable Compensation and may vary from 0% to 30% based on the degree to which the objectives relating to of these criteria are achieved.

DESCRIPTION OF THE QUANTIFIABLE CRITERIA

As it decided in 2017, the Supervisory Board which met on March 20, 2018, decided, on the recommendation of the Compensation and Nominations Committee of March 16, 2018, to apply the identical quantifiable criteria for all members of the Management Board.

The quantifiable criteria and their weighting for the Chairwoman and the other members of the Management Board, as detailed below, will represent 70% of their Target Variable Compensation, and may vary between 0% and 105% of the fixed annual compensation depending on the degree of achievement of the objectives relating to these criteria:

(i) Group EBITDA, this criterion represents 40% of the Target Variable Compensation and may vary between 0% and 60% of the fixed annual compensation depending on the degree to which this criterion is achieved;

(ii) revenue (Top Line), this criterion represents 15% of the Target Variable Compensation and may vary between 0% and 22.5% of the fixed annual compensation depending on the degree to which this criterion is achieved; and

(iii) consolidated net profit, this criterion represents 15% of the Target Variable Compensation and may vary between 0% and 22.5% of the fixed annual compensation depending on the degree to which this criterion is achieved.

Weighting of qualitative and quantifiable criteria applicable to each member of the Management Board

2018 QUALITATIVE AND QUANTIFIABLE CRITERIA

Criteria	Weighting in the event that the target level of criteria is reached	Weighting in the event that the maximum level of criteria is reached
Qualitative criteria	30%	30%
Group EBITDA	40%	60%
Revenue	15%	22.5%
Consolidated net profit	15%	22.5%
TOTAL (BEFORE APPLYING THE NET PROMOTER SCORE)	**100%**	**135%**
TOTAL (IN THE EVENT OF APPLICATION OF THE MAXIMUM COEFFICIENT ASSOCIATED WITH THE NET PROMOTER SCORE)	**115%**	**155%**

APPLICATION OF A MULTIPLIER BASED ON THE ACHIEVEMENT BY THE GROUP OF A NET PROMOTER SCORE

For all the members of the Management Board, including its Chairwoman, in the event the Group improves the Net Promoter Score by more than 10%, a maximum multiplier of 1.15x will be applied to the Basic Variable Portion, making it possible for their Annual Variable Compensation to reach up to 155% of the fixed annual compensation. Conversely, in the event that the Net Promoter Score is below 10%, a minimum multiplier of 0.85x will be applied to the Basic Variable Portion. Where the Net Promoter Score is in the interval [-10% – +10%], the multiplier is calculated by linear interpolation between the minimum and maximum endpoints [0.85-1.15].

(C) PERFORMANCE SHARE GRANTS IN 2018

LEGAL FRAMEWORK

The Annual General Meeting of May 10, 2016, pursuant to its 12th resolution, authorized the Management Board to proceed, on one or more occasions, with free grants of existing or future shares (called performance shares) in favor of the corporate officers and certain employees of the Company and of related companies, under the conditions set out in Article L. 225-197-1 *et seq*. of the French Commercial Code. The allocation of performance shares is conditional upon compliance with the performance criteria defined when the budgets are constructed.

PURPOSE OF THE PERFORMANCE SHARE ALLOCATION

The purpose of the allocation of performance shares is first of all to personally link the Company's worldwide management, in particular the corporate officers, with the development of the Company's value, by giving them a stake in the Company's ownership. It also makes it possible to distinguish the contributing executives, through their particularly positive contribution to the Company's results. Lastly, it serves to increase the loyalty of the executives whom the Company particularly values, especially those with strong potential.

PERFORMANCE SHARE ALLOCATION POLICY

The allocation is differentiated based on (i) the beneficiaries' level of responsibility and contribution, (ii) the assessment of their performance, (iii) their results, and (iv) the assessment of their development potential.

The persons eligible for an allocation performance share are as follows:

- members of the Management Board;
- senior executives who are members of the Group's Executive Committee and the heads of the Corporate Countries. They benefit in principle from variable allocations, based on their level of responsibility, performance and results. Certain executives may not be beneficiaries;
- other management beneficiaries, who are most frequently senior managers and managers with high potential for professional or managerial development or expertise.

MECHANISM FOR THE 2018 ALLOCATION OF PERFORMANCE SHARES

Consistent with the principles described in Section 5.3.1.1 "*Compensation principles of the members of the Management Board*" of this Registration Document, the Supervisory Board examined and authorized on March 20, 2018 the main terms and conditions for free share grant plan to implement in 2018 for members of the Management Board, executive corporate officers and certain other managers of the Group (the "**AGA 2018 Plan**").

The acquisition of these performance shares, following a vesting period of three years (for French residents and non-residents), is subject to the beneficiary's continued employment with the Group on the vesting date, and the achievement of the following performance conditions for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020 related to (i) group EBITDA, (ii) revenue, and (iii) a relative TSR (Total Shareholder Return).

Furthermore, following the vesting period, is equal to 3 years, no retention period is required for free shares.

Pursuant to Article L. 225-197-1 II of the French Commercial Code:

(i) the Chairperson shall retain a number of free shares equal to the lesser of (i) one-third of the shares granted and (ii) a number of free shares awarded under the regulations of said plan or any another share plan representing an amount equivalent to three (3) times the amount of her fixed annual compensation, bearing in mind that the Chairperson of the Management Board shall be required in all cases to retain a minimum of one granted share until she leaves office; and

(ii) the other members of the Management Board shall each be required to retain a number of free shares equal to the lesser of (i) one-third of the shares granted and (ii) a number of free shares granted under the regulations of said plan, or under any another share plan, representing an amount equivalent to one (1) times the amount of their respective fixed annual compensation, bearing in mind that the Deputy CEOs shall in all cases be required to retain a minimum of one granted share until they leave office.

A total of 1,000,000 shares may be granted under the 2018 AGA Plan.

Concerning in particular the members of the Management Board, the number of performance shares which may be allocated in 2018 may not exceed 150% of their fixed annual compensation.

A performance share is valued based on the average of the last 20 stock market prices preceding the grant by the Management Board.

Each beneficiary of the AGA 2018 Plan has made a personal commitment not to resort to the use of hedging instruments. To the Company's knowledge, no hedging instruments were set up as of the date of this Registration Document.

(D) BENEFITS IN KIND IN 2018

For the 2018 fiscal year, the Chairwoman is provided with a company car, health/provident insurance, an annual health check and corporate officer unemployment insurance.

Mr. Kenneth McCall is provided with a company car, an annual health check as well as additional health insurance. Mr. Fabrizio Ruggiero is provided with a company car, an annual health check a foreign service allowance and company accommodation in Paris, as well as an annual health check and an additional accident and health insurance.

5.3.1.6 Preferred shares

Within the framework of the Company's Initial Public Offering, the members of the Management Board, as well as certain employee members of the Group's Executive Committee, were allowed to subscribe and purchase class C and class D preferred shares, within the meaning of Article L. 228-11 of the French Commercial Code, which may be converted according to a ratio determined according to the Group's performance.

For a description of the characteristics of the class C and class D preferred shares, please see Section 6.2.3.2 *"Specific characteristics of preferred shares"* of this Registration Document.

5.3.1.7 Employment agreements

Following her appointment as Chairwoman of the Management Board by decision of the Supervisory Board on November 23, 2016, Ms. Caroline Parot terminated her employment agreement as Group Chief Financial Officer with the Company. Since November 23, 2016, Ms. Caroline Parot receives compensation only for her corporate officer role as Chairwoman of the Management Board.

Mr. Kenneth McCall holds an employment agreement with the Company Europcar Group UK Ltd dated October 27, 2011, as amended on March 16, 2015.

Mr. Fabrizio Ruggiero holds an employment agreement with the Company Europcar Italia S.p.A., as modified by addendum dated December 1, 2016, which details the terms of his new position as Deputy CEO of the Group, responsible for the Group's sales, marketing and customers, as well as Low Cost segment. Furthermore, a secondment contract signed between Europcar Italia S.p.A. and the Company dated August 1, 2016 sets out the terms and conditions under which Mr. Fabrizio Ruggiero's assignments will be determined and rebilled.

5.3.1.8 Compensation in the event of forced termination of office

Ms. Caroline Parot benefits, under the corporate officer agreement concluded with the Company on December 22, 2016, from severance compensation, the amount of which is a set amount, fixed at the amount of her annual fixed compensation, in the event of dismissal other than for serious or gross misconduct prior to December 31, 2017 (inclusive). If the dismissal should occur from January 1, 2018 (inclusive), the amount of the severance compensation would be dependent on the achievement of set targets relating to collective criteria, in respect of variable compensation, and could reach a maximum of 18 months fixed and variable compensation. Assessment of the achievement of the targets relating to the assigned criteria is calculated either using the average of the last eight quarters ended (this rule applies from January 1, 2019) or using the average of quarters ended since January 1, 2017 (this rule applies from January 1, 2018 to December 31, 2018).

Mr. Kenneth McCall's employment agreement does not set forth any indemnities in the event of termination of office of Deputy CEO and/or member of the Management Board of the Company. In the event of termination of Mr. Kenneth McCall's employment agreement at the initiative of Europcar Group UK Ltd, the amount of indemnities that would be due to Mr. Kenneth McCall would be subject to the rules of English law and the employer would accordingly be required to respect a paid notice period of at least 12 months, during which Mr. Kenneth McCall's fixed and variable compensation would be paid to him.

Mr. Fabrizio Ruggiero's employment agreement does not set forth any indemnities in the event of termination of office of Deputy CEO and/or member of the Management Board of the Company. In the event of termination of Mr. Fabrizio Ruggiero's employment agreement at the initiative of Europcar Italia S.p.A., the amount of indemnities that would be due to Mr. Fabrizio Ruggiero would be subject to the rules of Italian law and the provisions of the collective bargaining agreement applicable to Mr. Ruggiero's employment agreement. Consequently, his employer would be required to respect a notice period, the length of which is set by the applicable collective bargaining agreement, and which varies according to the employee's length of service, *i.e.* between four and eight months at the date of this Registration Document, during which time Mr. Fabrizio Ruggiero's fixed and variable compensation would be paid to him.

It is stated that if Mr. Kenneth McCall or Mr. Fabrizio Ruggiero leave the Group, the accumulated severance compensation and their non-compete indemnities with respect to their positions as members of Management Board and Deputy CEO, their employment contract and/or the applicable legal provisions, would not exceed, for each, 24 months of their annual respective fixed and variable compensation.

5.3.1.9 Compensation under a non-compete clause

In the event that Ms. Caroline Parot would be bound by a non-compete obligation, the duration of which would be 12 months, at the time her position with the Company would be terminated, she would have the right to a non-compete payment in that regard in an amount equal to 50% of her annual compensation (fixed and variable) based on her average compensation over the course of the 12 months preceding the termination.

If the member were also to receive severance compensation (as described above), the combined non-compete and severance compensation would not exceed a ceiling corresponding to the annual fixed and variable compensation paid to the member during the two years preceding the departure.

Each of the other members of the Management Board may be bound by a twelve-month non-compete obligation applicable as of the end date of their positions as members of the Management Board and of any other position exercised within the Group. In the event that this non-compete obligation is implemented, they shall benefit from non-compete indemnity equal to 50% of their fixed annual compensation, it being specified that any non-compete indemnity paid under a non-compete clause set forth in the employment agreement for Mr. Kenneth McCall and Mr. Fabrizio Ruggiero shall be deducted from the aforementioned non-compete indemnity of 50%.

It is stated that if Mr. Kenneth McCall or Mr. Fabrizio Ruggiero leave the Group, the accumulated severance compensation and their non-compete indemnities with respect to their positions as members of Management Board and Deputy CEO, employment contract and/or the applicable legal provisions, would not exceed, for each, 24 months of their annual respective fixed and variable compensation.

5.3.1.10 Supplemental pension plan

No member of the Management Board benefits from a supplementary pension plan in connection with his corporate office. Mr. Fabrizio Ruggiero benefits from a complementary pension plan related to his employment contract with Europcar Italia S.p.A. However, this plan is not comparable to a supplementary pension plan within the meaning of Article L. 137-11 of the French Social Security Code.

5.3.1.11 Corporate officer unemployment insurance

The Company has subscribed for corporate officer unemployment insurance for Ms. Caroline Parot.

5.3.2 Compensation of members of the Supervisory Board

5.3.2.1 Compensation policy of the members of the Supervisory Board

The Company's Legal Department conducted a comparative study of the compensation of the members of the Supervisory Board, against the compensation policies implemented in companies comparable to the Company. The results of this study did not indicate any inconsistency with the compensation policy for members of the Supervisory Board. The compensation of the members of the Supervisory Board is examined and decided every year by the Supervisory Board on recommendation of the Compensation and Nominations Committee. It consists of:

- annual fixed compensation allocated to the Chairman of the Supervisory Board in respect of his responsibilities;
- attendance fees, comprising a fixed portion and a variable portion, allocated to all Supervisory Board members and paid taking into account their actual participation in Supervisory Board and Committee meetings;
- exceptional compensation that may be granted by the Supervisory Board for specific assignments or mandates entrusted to them.

The Company's Annual General Meeting held of May 10, 2016 decided to allocate a total of €500,000 per year in attendance fees to the members of the Supervisory Board until such time as the Shareholders' Meeting decides otherwise.

Due to the creation of a new Supervisory Board Committee, the Strategy Committee, by decision of the Supervisory Board Meeting of March 20, 2018, a resolution increasing the annual total for attendance fees from €500,000 to €550,000 will be submitted to the Annual General Meeting of May 17, 2018.

The Chairman and other members of the Supervisory Board do not benefit from any allocation of performance shares or options nor any severance payment whatsoever.

5.3.2.2 2017 compensation for the members of the Supervisory Board

The Supervisory Board, at its meetings held on February 24 and March 13, 2017, on the recommendations made by the Compensation and Nominations Committee on February 22, 2017 and March 8, 2017, decided:

- to grant Mr. Jean-Paul Bailly, for his role as Chairman of the Supervisory Board, a fixed annual compensation of €165,000, unchanged from the fixed annual compensation granted to him for the previous year. In addition, a company car is provided to Mr. Jean-Paul Bailly;
- to grant to Mr. Pascal Bazin, Vice-Chairman of the Supervisory Board, compensation of €60,000 in respect of the special advisory assignment, during fiscal 2017, relating to the Group's strategy and development in the United States and to pricing The Supervisory Board, at its meetings on December 15, 2017 and February 28, 2018 acknowledged that it was not carried out due to scheduling reasons and that no agreement between the Company and Mr. Pascal Bazin had been concluded in relation to the aforesaid assignment. Furthermore, Mr. Pascal Bazin confirmed that he had declined any compensation related to the canceled assignment.

The components of compensation due or granted to of the Chairman of the Supervisory Board in respect of fiscal year 2017 as presented above in Section 5.3.2.2 of this Registration Document will be, in application of Article L. 225-100 of the French Commercial Code, submitted to the Shareholders for their opinion at the Annual General Meeting of May 17, 2018, according to the terms set out in the draft resolution shown below.

Twelfth Resolution (Approval of the components of the compensation paid or awarded for the year ended December 31, 2017 to Mr. Jean-Paul Bailly in his capacity as Chairman of the Supervisory Board)

The Shareholders' Meeting, under the conditions required by Ordinary Shareholders' Meetings as to quorum and majority, having reviewed the report on corporate governance, prepared in accordance with the provisions of Article L. 225-68 of the French Commercial Code, approves the fixed, variable and exceptional components of the compensation and the benefits of all kinds paid or awarded for the year ended December 31, 2017 to Mr. Jean-Paul Bailly, Chairman of the Supervisory Board, as set out in the report on corporate governance in Section 5.3.2.2 of the Company's 2017 Registration Document.

At its meeting held on December 15, 2016, the Supervisory Board, on a recommendation made by the Compensation and Nominations Committee on December 6, 2016, decided to allocate the attendance fees in accordance with the following principles:

- fixed portion: €30,000 for the Chairman of the Supervisory Board and €15,000 for each of the other members, these sums to be paid *prorata temporis* to the actual duration of the office held during the fiscal year; and
- variable portion:
  - effective participation in Supervisory Board meetings: the amount of the variable portion varies depending on whether the meeting was held in person or by telephone conference, it being specified that meetings held in person have an average duration of four hours, whereas those held by telephone conference have an average duration of one hour. Consequently, the Supervisory Board deemed that the compensation for meetings held by teleconference, which require less preparation and attendance time than meetings held in person, should be 25% of the amount of the variable portion granted for attendance at a meeting in person, as follows:
    - €3,000 per member for his or her effective participation in a Supervisory Board meeting held in person,
    - €750 per member for his or her effective participation in a Supervisory Board meeting held by telephone conference;
  - effective participation in the Audit Committee or Compensation and Nominations Committee meetings: €1,848 per member of the Committee, with 50% additional for the Chairman of the Committee;

all up to the overall limit of €500,000 set by the Annual General Meeting of May 10, 2016.

Therefore, except for the Chairman of the Supervisory Board, where a member has an effective participation in 100% of the Supervisory Board's Meetings, either in person or *via* teleconference, the annual variable portion of the attendance fees of €26,250 is necessarily more significant.

The total gross amount of attendance fees allocated to the members of the Supervisory Board for the 2017 fiscal year was €454,170; the total amount of attendance fees paid in 2017 for fiscal year 2016 was €478,316 and €104,303 for 2017, *i.e.* a total of €582,619 for attendance fees were paid in 2017 in respect of fiscal years 2016 and 2017. For more information on these amounts, see Table 3 *"Attendance fees and other compensation allocated and received by non-executive corporate officers"* in Section 5.3.3 *"Summary of the compensation and benefits of corporate officers"* of this Registration Document.

5.3.2.3 2018 compensation for the members of the Supervisory Board

At its meeting on December 15, 2017, the Supervisory Board, upon recommendation of the Compensation and Nominations Committee of December 13, 2016, decided to distribute the attendance fees for fiscal year 2017 according to the following principles, up to the overall limit of €500,000 set by the Annual General Meeting on May 10, 2016:

- fixed portion: €30,000 for the Chairman of the Supervisory Board and €15,000 for each of the other members, these sums to be paid *prorata temporis* to the actual duration of the office held during the fiscal year; and
- variable portion:
  - effective participation in Supervisory Board meetings: the amount of the variable portion differs depending on whether the meeting is held in person or by teleconference, it being specified that meetings held in person require significant preparation and last four hours on average, while those held by teleconference last one hour on average. Consequently, the Supervisory Board deemed that the compensation for meetings held by teleconference, which require less preparation and attendance time than meetings held in person, should be 25% of the amount of the variable portion granted for attendance at a meeting in person, as follows:
    - €3,000 per member for his or her effective participation in a Supervisory Board meeting held in person,
    - €750 per member for his or her effective participation in a Supervisory Board meeting held by telephone conference;
  - effective participation in the Audit Committee or Compensation and Nominations Committee meetings: €1,797 per member of the Committee, with 50% additional for the Chairman of the Committee.

Accordingly, with the exception of the Chairman of the Supervisory Board, in the event that a member effectively participates 100% of the Supervisory Board meetings held in person and by teleconference in 2018, the annual variable portion of the attendance fees would be €25,500 and would be more significant with respect to the fixed portion of the attendance fees.

The Supervisory Board on February 28, 2018 decided, upon recommendation of the Compensation and Nominations Committee on February 26, 2018, to allocate to Mr. Jean-Paul Bailly for 2018, fixed compensation of €165,000 in his capacity as Chairman of the Supervisory Board. The Chairman of the Supervisory Board also has the use of a company car or a New Mobility subscription of an equivalent value.

Furthermore, subject to the approval at the Annual General Meeting of May 17, 2018, of the 17th resolution under the terms of which an overall budget for attendance fees of €550,000 would cancel and replace the current total of €500,000, the Supervisory Board, at its meeting on March 20, 2018, on the recommendation of the Compensation and Nominations Committee at its March 16, 2018 meeting, decided to allocate attendance fees for 2018 on the following basis, within the new overall limit of €550,000:

- fixed portion: €30,000 for the Chairman of the Supervisory Board and €15,000 for each of the other members, these sums to be paid *prorata temporis* to the actual duration of the office held during the fiscal year; and
- variable portion:
  - effective participation in Supervisory Board meetings: the amount of the variable portion differs depending on whether the meeting is held in person or by teleconference, it being specified that meetings held in person require significant preparation and last four hours on average, while those held by teleconference last one hour on average. Consequently, the Supervisory Board deemed that the compensation for meetings held by teleconference, which require less preparation and attendance time than meetings held in person, should be 25% of the amount of the variable portion granted for attendance at a meeting in person, as follows:
    - €3,000 per member for his or her effective participation in a Supervisory Board meeting held in person,
    - €750 per member for his or her effective participation in a Supervisory Board meeting held by telephone conference,
  - effective participation in the Audit Committee. Compensation and Nominations Committee, or Strategic Committee meetings: €1,848 per member of the Committee, with 50% additional for the Chairman of the Committee.

The allocation of attendance fees in accordance with the principles described above is based on the following assumptions:

- creation of a Strategic Committee composed of four members of the Supervisory Board and meeting four times a year; and
- ten members of the Supervisory Board.

Accordingly, with the exception of the Chairman of the Supervisory Board, in the event that a member effectively participates 100% of the Supervisory Board meetings held in person and by teleconference in 2018, the annual variable portion of the attendance fees would be €27,750 and would be more significant than the fixed portion of the attendance fees.

Shareholders' approval of the compensation policy for members of the Supervisory Board

In application of the new Article L. 225-82-2 of the French Commercial Code, under the terms of the 15th resolution shown below, the principles and criteria for determining, allocating ad awarding the fixed, variable and exceptional components comprising the total compensation and benefits of any kind to be granted to the members of the Supervisory Board, as described in Section 5.3.2 "*Compensation of members of the Supervisory Board*" of this Registration Document, shall be submitted to the Annual General Meeting on May 17, 2018 for approval. Moreover, payment of any variable and exceptional elements granted to the Chairman of the Supervisory Board for fiscal year 2018 shall be made subject to approval by the Annual General Meeting called in 2019 to approve the Company's financial statements for the fiscal year ended December 31, 2018.

Fifteenth resolution (Approval of the principles and criteria for determination, allocation and award of the fixed, variable and exceptional components of the total compensation and the benefits of all kinds that may be granted to members of the Supervisory Board).

The Shareholders' Meeting, under the conditions required by Ordinary Shareholders' Meetings as to quorum and majority, having reviewed the Supervisory Board's report, prepared in accordance with the provisions of Article L. 225-82-2 of the French Commercial Code, approves the principles and criteria for determination, allocation and award of the fixed, variable and exceptional components of the total compensation and the benefits of all kinds that may be granted to members of the Supervisory Board, as set out in the report on corporate governance in Section 5.3.2 of the Company's 2017 Registration Document.

5.3.3 Summary of the compensation and benefits of corporate officers

The tables below summarize the compensation and benefits in kind due and/or paid to members of the Management Board and the Supervisory Board by (i) the Company, (ii) companies controlled by the Company, (iii) companies controlled by companies that control the Company and (iv) companies that control the Company, all within the meaning of Article L. 233-16 of the French Commercial Code.

TABLE 1 – SUMMARY OF THE COMPENSATION, OPTIONS ALLOCATED AND FREE SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER

In euros	2017	2016
CAROLINE PAROT – Chairwoman of the Management Board		
Compensation due for the fiscal year (detailed in table 2)	661,643	695,154
Value of multi-year variable compensation paid during the fiscal year	-	-
Value of stock options allocated during the fiscal year (detailed in table 4)	-	-
Value of performance shares granted during the fiscal year (detailed in table 6)	765,000	0
Value of other long-term compensation plans	-	-
TOTAL	**1,426,643**	**695,154**

*In euros**	2017	2016
KENNETH MCCALL – Deputy CEO – Countries and Operations and Member of the Management Board		
Compensation due for the fiscal year (detailed in table 2)	484,353	662,568
Value of multi-year variable compensation granted during the fiscal year	0	0
Value of stock options allocated during the fiscal year (detailed in table 4)	-	-
Value of performance shares granted during the fiscal year (detailed in table 6)	576,712	0
Value of other long-term compensation plans	-	-
TOTAL	**1,061,065**	**662,568**

* *Amounts indicated have been converted from pounds sterling at an average exchange rate of 1.22 at December 31, 2016 and 1.14 at December 31, 2017.*

In euros	2017	2016
Fabrizio Ruggiero – Deputy CEO – Sales, Marketing, Customers & Low Cost and Member of the Management Board		
Compensation due for the year (detailed in table 2)	491,094	533,291
Value of multi-year variable compensation paid during the year	-	-
Value of stock options allocated during the fiscal year (detailed in table 4)	-	-
Value of performance shares granted during the fiscal year (detailed in table 6)	555,000	0
Value of other long-term compensation plans	-	-
TOTAL	**1,046,094**	**533,291**

TABLE 2 – SUMMARY OF THE COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

	Amounts in respect of fiscal year 2017		Amounts in respect of fiscal year 2016	
In euros	due (2)	paid (3)	due (2)	paid (3)
CAROLINE PAROT – Chairwoman of the Management Board				
Fixed compensation (1)	510,000	631,206 (4)	475,371 (5)	340,008
Annual Variable Compensation (1)	136,573	230,964 (6)	230,964	313,538
Multi-year Variable Compensation (1)	-	-	-	-
Exceptional compensation (1)	-	-	-	635,000 (7)
Attendance fees	-	-	-	-
Benefits in kind (8)	15,070	15,070 (8)	2,985	2,985
TOTAL	**661,643**	**877,240**	**695,154**	**1,291,531**

(1) *Gross before taxes.*
(2) *Compensation granted for the fiscal year, irrespective of the payment date.*
(3) *Compensation paid throughout the fiscal year.*
(4) *Fixed compensation due in respect of fiscal year 2017 includes €107,038 in respect of the Compte Epargne Temos indemnity and for paid time off not taken as of the date of the change in Ms. Caroline Parot's status and which was paid in January 2017. To this sum, add a €42,500 payment as corporate officer, due in December 2016 but paid in January 2017, and deduct €28,334 for cancellation of his December 2016 salary as an employee. (510,000 + 107,038+42,500-28,334)*
(5) *Compensation for 2016 includes €14,166 (42,500-28,334) as corporate officer*
(6) *Variable compensation paid during the fiscal year is that due in respect of the prior period.*
(7) *Compensation corresponding to the balance of the bonus related to the Company's IPO (i.e. €500,000), as well as the additional compensation related to the position as Interim CEO that Ms. Caroline Parot assumed during the months of July to September 2014 (i.e. €135,000).*
(8) *Ms. Caroline Parot benefits from a company car, unemployment insurance in respect of her corporate office and an annual health check.*

	Amounts in respect of fiscal year 2017		Amounts in respect of fiscal year 2016	
*In euros**	due [(2)]	paid [(3)]	due [(2)]	paid [(3)]
KENNETH MCCALL – Deputy CEO and Member of the Management Board				
Fixed compensation [(1)(4)]	422,899 [(4)]	422,899 [(4)]	409,110	409,110
Annual Variable Compensation [(1)]	38,584	215,363	230,476	311,039 [(5)]
Multi-year Variable Compensation [(1)]	-	-	-	
Exceptional compensation [(1)]	-			203,334 [(6)]
Attendance fees	-	-	-	-
Benefits in kind [(7)]	22,870	22,870	22,982	22,982
TOTAL	**484,353**	**661,132**	**662,568**	**946,465**

* *The amounts indicated have been converted from pounds sterling to euros at the average exchange rate of 1.22 at December 31, 2016, and of 1.14 at December 31, 2017.*

(1) Gross before taxes.

(2) Compensation granted for the fiscal year, irrespective of the payment date.

(3) Compensation paid throughout the fiscal year.

(4) The fixed compensation includes a cash payment in lieu of retirement contributions in an amount equal to £45,694 in 2017 and £41,336 in 2016. It is specified that these amounts are not taken into account for the calculation of the annual bonus.

(5) Variable compensation paid during the fiscal year is that due in respect of the prior period.

(6) Compensation of €200,000 corresponding to 50% of the bonus of €400,0000 related to the completion of the Company's initial public offering, approved by the Supervisory Board on June 25, 2015, 50% of which had been paid in 2015, and the balance in June 2016.

(7) This amount corresponds to a company car made available to Mr. Kenneth McCall, and an annual health check, as well as additional health insurance taken out in his name.

	Amounts in respect of fiscal year 2017		Amounts in respect of fiscal year 2016	
In euros	due [(2)]	paid [(3)]	due [(2)]	paid [(3)]
FABRIZIO RUGGIERO – Deputy CEO and Member of the Management Board				
Fixed compensation [(1)]	370,000	370,000	281,657	281,652
Annual Variable Compensation [(1)]	99,083	239,636	239,636	201,953 [(4)]
Multi-year Variable Compensation [(1)]	-	-	-	
Exceptional compensation [(1)]	-			200,000 [(5)]
Attendance fees	-	-	-	-
Benefits in kind [(7)]	22,011	22,011 [(7)]	11,998 [(6)]	11,998
TOTAL	**491,094**	**631,647**	**533,291**	**695,603**

(1) Gross before taxes.

(2) Compensation granted for the fiscal year, irrespective of the payment date.

(3) Compensation paid throughout the fiscal year.

(4) Variable compensation paid during the fiscal year is that due in respect of the prior period.

(5) Compensation corresponding to the bonus related to the Company's initial public offering, approved by the Supervisory Board on June 25, 2015, including €200,000 was paid out in 2015 and the balance, i.e. €200,000, was paid on the date of the first anniversary of the IPO, i.e. June 26, 2016.

(6) Mr. Fabrizio Ruggiero was provided with a company car, a foreign service allowance and company accommodation in France, since November 3, 2016, and an annual health check, as well as additional accident and health insurance taken out on his behalf.

(7) Mr. Fabrizio Ruggiero was provided with a company car, a foreign service allowance, company accommodation in France, an annual health check, as well as additional accident and health insurance taken out on his behalf.

TABLE 3 – ATTENDANCE FEES AND OTHER COMPENSATION ALLOCATED AND RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Members of the Supervisory Board		Gross amounts allocated in fiscal year 2017 *(in euros)*	Amounts paid in fiscal year 2017 (1) *(in euros)*	Gross amounts allocated in fiscal year 2016 *(in euros)*	Amounts paid in fiscal year 2016 *(in euros)*
Jean-Paul Bailly	Attendance fees	56,250	72,404	55,200	27,000
	Other compensation	168,595.68 (2)	149,590.68	169,080 (3)	127,830
Patrick Sayer	Attendance fees	37,500	40,317	37,200	19,500
	Other compensation	-	-	-	-
Pascal Bazin	Attendance fees	60,600	65,217	57,624	27,000
	Other compensation	-	30,000	120,000 (4)	90,000
Sanford Miller	Attendance fees	41,250	50,745	39,600	19,500
	Other compensation	-	-	-	-
Virginie Fauvel	Attendance fees	50,490	54,027	50,112	27,000
	Other compensation	-	-	-	-
Angélique Gérard	Attendance fees	44,490	51,747	45,912	15,500
	Other compensation	-	--	-	-
Philippe Audouin	Attendance fees	45,990	51,167	49,964	26,750
	Other compensation	-	-	-	-
Armance Bordes	Attendance fees	15,175	27,219	36,600	15,500
	Other compensation	-	-	-	-
Eric Schaefer	Attendance fees	37,740	52,278	47,112	19,500
	Other compensation	-	-	-	-
Kristin Neumann	Attendance fees	52,110	58,576	31,570	-
	Other compensation	-	-	-	
Amandine Ayrem	Attendance fees	12,575	7,985	-	-
	Other compensation	-	-	-	

(1) Amounts including, for attendance fees, the attendance fees paid in 2017 in respect of fiscal year 2016 and attendance fees paid in 2017 in respect of fiscal year 2017.
(2) This amount includes the fixed compensation (i.e., €165,000) paid to Mr. Jean-Paul Bailly in his capacity as Chairman of the Supervisory Board, as well as the equivalent in value (i.e., €3,565.68) corresponding to benefits in kind (company car) which he received.
(3) This amount includes the amount of fixed compensation (i.e. €165,000) paid to Mr. Jean-Paul Bailly in his capacity as Chairman of the Supervisory Board, as well as the amount in value (i.e. €4,080) of benefits in kind (company car) which he received during fiscal year 2016.
(4) On February 24, 2016, the Supervisory Board extended the special assignment entrusted to Mr. Pascal Bazin to implement and monitor the Company's transformation plan and set his annual compensation for this assignment at €120,000, identical to the previous fiscal year.

TABLE 4 – STOCK OPTION ALLOCATIONS MADE DURING FISCAL YEAR 2017 TO EACH EXECUTIVE CORPORATE OFFICER

Plan	Type of option (purchase or subscription)	Value of options according to the method chosen for the consolidated financial statements	Number of options allocated during the year	Exercise price	Exercise period
None					

TABLE 5 – STOCK OPTIONS EXERCISED DURING FISCAL YEAR 2017 BY EACH EXECUTIVE CORPORATE OFFICER

Name of corporate officer	Plan	Type of option (purchase or subscription)	Number of options exercised during the year	Exercise Price
	None			

TABLE 6 – FREE SHARES GRANTED DURING FISCAL YEAR 2017 TO EACH CORPORATE OFFICER

Free shares granted during thefiscal year to each corporate officer	Number and date of the plan	Number of shares allocated during the fiscal year 2017	Valuation of the shares	Date of acquisition	Date of availability	Performance conditions
Caroline Parot	AGA 2017 Plan of February 24, 2017	78,800	765,000.00	March 14, 2019	March 14, 2020	See Section 5.3.1.4
Kenneth McCall	AGA 2017 Plan of February 24, 2017	59,400	576,712.50	March 14, 2019 (1)	March 14, 2020 (1)	See Section 5.3.1.4
Fabrizio Ruggiero	AGA 2017 Plan of February 24, 2017	57,200	555,000.00	March 14, 2019 (1)	March 14, 2020 (1)	See Section 5.3.1.4
TOTAL		**195,400**				

(1) Under Article 9 of the AGA 2017 Plan, beneficiaries who, two months before the end of the vesting period are not tax-resident in France can opt for (i) a one-year extension of their vesting period to the third anniversary of the grant date, with their eligibility being re-assessed at that date and (ii) they will then be exempt from the retention period under the AGA 2017 Plan and can sell their shares immediately as of the new vesting date.

TABLE 7 – FREE SHARES THAT BECAME AVAILABLE DURING FISCAL YEAR 2017 TO EACH CORPORATE OFFICER

Free shares granted during the fiscal year to each corporate officer	Number and date of the plan	Number of shares available during fiscal year 2017	Acquisition conditions
Caroline Parot	50% of Tranche 1 of the AGA Plan Top 13 of June 25, 2015	37,551	See Section 5.3.1.3
Kenneth McCall	50% of Tranche 1 of the AGA Plan Top 13 of June 25, 2015	20,408	See Section 5.3.1.3
Fabrizio Ruggiero	50% of Tranche 1 of the AGA Plan Top 13 of June 25, 2015	20,408	See Section 5.3.1.3
TOTAL		**78,367**	

TABLE 8 – HISTORY OF STOCK OPTION ALLOCATIONS

	Plan
Date of Management Board meeting	None

TABLE 9 – OPTIONS ALLOCATED TO AND EXERCISED BY THE TOP TEN NON-EXECUTIVE OFFICERS

	Total number of options granted/ shares subscribed or purchased	Average weighted price	Plan
Options granted during the fiscal year by the Company and any company in the scope of the option allocation plan to the ten employees of the Company and any company within the Group scope who received the highest number of these options (overall figure)	-	-	None
Options on the Company and the companies previously mentioned exercised during the fiscal year by the ten employees of the Company and such companies who purchased or subscribed for the greatest number of these options (overall figure)	-	-	None

TABLE 10 – HISTORY OF PERFORMANCE SHARE GRANTS

	AGA Plan Top 13 2015 *(Tranche 1)*	AGA Plan Top 13 2015 *(Tranche 2)*	AGA Plan 2017
Date of meeting	06/08/2015	06/08/2015	05/10/2016
Date of Supervisory Board meeting	06/25/2015	06/25/2015	03/13/2017 (1) 04/25/2017 07/04/2017
Total number of shares granted	653,057	979,586	591,000 (2)
Of which granted to:			
Caroline Parot	75,102	112,653	78,800
Kenneth McCall	40,816	61,224	59,400
Fabrizio Ruggiero	40,816	61,224	57,200
Date shares acquired	06/25/2017	02/26/2018 (3)	03/14/2019 (4)(10) 04/25/2019 (5)(10) 07/04/2019 (6)(10)
Retention period end date	06/25/2019	2020 (2)	03/14/2020 (4)(10) 04/25/2020 (5)(10) 07/04/2020 (6)(10)
Performance conditions	(8)	(8)	(9)
Number of shares vested at March 31, 2018 (most recent date)	285,711	0	0
Cumulative number of shares canceled or lapsed	367,346	979,586	-
Of which number of shares canceled or lapsed initially granted to:			
Caroline Parot	37,551	112,653	-
Kenneth McCall	20,408	61,224	-
Fabrizio Ruggiero	20,408	61,224	-
Performance shares granted remaining at the end of the year	0	0	0

(1) Decision of the Supervisory Board, March 13, 2017.
(2) 195,400 shares granted by decision of the Supervisory Board on March 13, 2017, 326,100 shares granted by decision of the Management Board on April 25, 2017, and 69,500 shares granted by decision of the Management Board on July 4, 2017.
(3) On the 15th day after the decision by the Management Board approving the Company's financial statements for the year ending December 31, 2017.
(4) Regarding the 195,400 shares granted by decision of the Supervisory Board on March 13, 2017.
(5) Regarding the 326,100 shares granted by decision of the Management Board on April 25, 2017.
(6) Regarding the 69,500 shares granted by decision of the Management Board on July 4, 2017.
(7) On the 15th day after the decision by the Management Board approving the Company's financial statements for the year ending December 31, 2019.
(8) Performance criteria are presented in Section 5.3.1.3 of this Registration Document.
(9) Performance criteria are presented in Section 5.3.1.4 of this Registration Document.
(10) Under Article 9 of the AGA 2017 Plan, beneficiaries who, two months before the end of the vesting period are not tax-resident in France can opt for (i) a one-year extension of their vesting period to the third anniversary of the grant date, with their eligibility being re-assessed at that date and (ii) they will then be exempt from the retention period under the AGA 2017 Plan and can sell their shares immediately.

TABLE 11 – SUMMARY OF THE MULTI-ANNUAL VARIABLE COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

Name and position	2016 fiscal year	2017 fiscal year (1)	2018 fiscal year (2)
Caroline Parot Chairwoman of the Management Board	None	None	None
Kenneth McCall – Member of the Management Board, Deputy CEO - Countries & Operations	None	None	None
Fabrizio Ruggiero – Member of the Management Board, Deputy CEO - Sales, Marketing, Customers & Low Cost	None	None	None

TABLE 12 – SUMMARY OF SOME OF THE INFORMATION REQUIRED WITHIN THE FRAMEWORK OF THE AFEP-MEDEF RECOMMENDATIONS

	Employment agreement		**Supplemental pension plan**		**Severance or other benefits due or likely to become due as a result of termination or change of office**		**Compensation under a non-compete clause**	
Members of the Management Board	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Caroline Parot – Chairwoman of the Management Board Beginning of term: March 9, 2015 End of term: March 8, 2019		✓		✓	✓		✓	
Kenneth McCall – Deputy CEO - Countries and Operations Beginning of term: March 9, 2015 End of term: March 8, 2019	✓			✓		✓	✓	
Fabrizio Ruggiero – Deputy CEO - Sales, Marketing, Customers & Low Cost Beginning of term: March 9, 2015 End of term: March 8, 2019	✓			✓ (1)		✓	✓	

(1) Mr. Fabrizio Ruggiero benefits from a complementary pension plan related to his employment contract with Europcar Italia SpA. However, this plan is not comparable to a supplementary pension plan within the meaning of Article L. 137-11 of the French Social Security Code.

5.4 SUMMARY STATEMENT OF TRANSACTIONS IN COMPANY SECURITIES BY CORPORATE OFFICERS

In accordance with Article L. 621-18-2 of the French Monetary and Financial Code and Article 19 of the regulation (EU) no. 596/2014 dated April 16, 2014 on market abuses (the "MAR regulation"), the table below accounts for the transactions in Europcar Groupe S.A. securities carried out in 2017 by members of the Management Board and members of the Supervisory Board or by a person closely related to them (within the meaning of Articles 19 and 3.1.26 of the MAR regulation), on the basis of statements made by interested parties to the AMF, available on www.amf-france.org.

Date **Place**	**Name**	**Type of transaction**	**Unit price** *(in euros)*	**Amount of transaction** *(in euros)*
12/18/2017 Paris	Caroline Parot	Acquisition of ordinary shares	10.0661	25,165.25
12/15/2017 London	Augusta SAS (corporate entity related to Patrick Sayer)	Acquisition of ordinary shares	10.0000	100,000
06/21/2017 Over-the-counter	Augusta SAS (corporate entity related to Patrick Sayer)	Subscription of ordinary shares	12.0000	929,520
03/01/2017 Multiple places	Philippe Audouin	Acquisition of ordinary shares	9.8773	49,386.50

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

6.1 INFORMATION ON THE COMPANY

6.1.1 Corporate name

The name of the Company is "Europcar Groupe".

The Company will propose at the Annual General Meeting of May 17, 2018, a change in its corporate name to "Europcar Mobility Group" with the corresponding amendment to Article 2 of its bylaws

6.1.2 Place and number of registration

The Company is registered with the Trade and Companies Register of Versailles under number 489 099 903.

6.1.3 Date of incorporation and duration

The Company was created on March 16, 2006 for the purpose of Eurazeo's acquisition of the Group.

The Company has a legal life of 99 years as from its registration with the Versailles Trade and Companies Register, subject to early dissolution or extension.

6.1.4 Registered office, legal form and applicable law

The Company's headquarters are at:

2, rue René Caudron, Bâtiment OP,

78960 Voisins-le-Bretonneux

(Tel.: +33 (0)1 30 44 90 00).

The Company will submit the transfer of its headquarters to 13 ter boulevard Berthier – Paris (75017) to the Annual General Meeting of 17 May 2018 for approval along with the corresponding amendment of Article 4 of its bylaws.

Since March 9, 2015, Europcar Groupe is a public limited company (*société anonyme*) with a Management Board and a Supervisory Board under French law governed in particular by the provisions of Book II of the French Commercial Code. Before March 9, 2015, the Company was a public limited company with a Board of Directors.

The Company's fiscal year begins on January 1 and ends on December 31 of each year.

6.2 CONSTITUTION AND BYLAWS

The Company's bylaws were prepared in accordance with French law and regulations on public limited companies with a Management Board and a Supervisory Board. The key points described below are taken from the Company's bylaws approved at the Annual General Meeting of February 24, 2015 and amended by the Management Board on June 26, 2017.

6.2.1 Corporate purpose

Article 3 of the bylaws states that the Company's corporate purpose, directly or indirectly, in France or abroad, is to:

- acquire investments by way of asset transfers, purchases, subscriptions or otherwise in any companies regardless of their form and purpose;
- provide all types of management services to other firms, in particular strategic, organizational, accounting, financial, IT and commercial services;
- manage a portfolio of trademarks and patents, in particular by way of licensing rights;
- lease any machinery and equipment of any kind whatever;
- own, by way of acquisition or otherwise, and manage, in particular by way of leasing, any buildings, real property and property rights;
- take direct or indirect part in any transaction that might directly or indirectly be connected with the corporate purpose through the creation of new companies, asset transfers, subscriptions or purchases of securities or company rights, mergers, alliances, joint ventures and by any other means and in any forms used in France and abroad;

and, more generally, to engage in all commercial, financial (including any loan, advance, security or any cash transaction within the Group), industrial and real or personal property transactions that might directly or indirectly be connected with the corporate purpose and with any purposes that are similar or connected or capable of promoting the achievement thereof.

6.2.2 Management and supervisory bodies

6.2.2.1 Management Board

Appointments (Article 12 of the bylaws)

The Company is managed by a Management Board comprising two to five members appointed by the Supervisory Board. It performs its duties under the oversight of the Supervisory Board in accordance with the law and the bylaws.

The members of the Management Board may be chosen from among non-shareholders. They must be natural persons. They may always be re-elected. No member of the Supervisory Board may be a member of the Management Board.

The age limit for being a member of the Management Board is sixty-eight (68) years. Members of the Management Board are automatically deemed to have resigned at the end of the Shareholders' Meeting convened to approve the financial statements for the fiscal year in which they reach the age of sixty-eight (68) years.

Members of the Management Board may be bound to the Company by a contract of employment which remains in force throughout their term of office and after its expiry.

All members of the Management Board are subject to the applicable laws and regulations regarding the total number of offices held.

The members of the Management Board are appointed for a term of four (4) years. In the event of a seat becoming vacant, the Supervisory Board appoints a replacement for the remainder of the predecessor's term of office in accordance with the law.

Dismissal (Article 12 of the bylaws)

Any member of the Management Board may be dismissed either by the Supervisory Board or by the Shareholders' Meeting. If a dismissal decision is made without just cause, it can give rise to damages.

The dismissal of a member of the Management Board does not result in the termination of their contract of employment if any.

The Chairman of the Management Board and Deputy CEOs (Article 13 of the bylaws)

The Supervisory Board confers upon one of the members of the Management Board the position of Chairman. He or she exercises these duties for the duration of their term of office as a member of the Management Board. They represent the Company in its relations with third parties.

The Supervisory Board may attribute the same representative powers to one or more members of the Management Board who then have the title of Deputy CEO.

The office of Chairman and, if applicable, of Deputy CEO attributed to members of the Management Board may be withdrawn by the Supervisory Board at any time.

As regards third parties, any actions binding on the Company may be validly taken by the Chairman of the Management Board or by any member appointed by the Supervisory Board as Deputy CEO.

Deliberations of the Management Board (Article 14 of the bylaws)

The Management Board meets as often as the interests of the Company require, on a notice of meeting issued by its Chairman or at least half of its members, either at the registered office or in any other place indicated in the notice of meeting. The agenda can be completed at the time of the meeting. Notices of meetings may be issued by any means, even orally.

A member of the Management Board may arrange to be represented at a meeting by another member of the Management Board who may not hold more than one proxy. The Chairman of the Management Board chairs its meetings. In the event that the Chairman is absent, the Management Board appoints one of its members to act as Chairman of the meeting.

The deliberations of the Management Board are only valid if at least half of its members are present or represented. Decisions are taken by a majority of the votes of members present or represented. In the event of a tied vote, the Chairman of the meeting has a casting vote.

Members of the Management Board may take part in its meetings by means of videoconferencing or other means of telecommunication under the conditions authorized by the regulations applicable to meetings of the Supervisory Board. They are then deemed to be present for the purposes of calculating the quorum and majority.

The deliberations are recorded in minutes drawn up in a special register kept at the registered office and signed by the Chairman and by the secretary or another member of the Management Board. Copies or extracts of these minutes can be validly certified by the Chairman, by the secretary or by a member of the Management Board.

Powers and obligations of the Management Board (Article 15 of the bylaws)

The Management Board is invested with the broadest powers to act in any circumstances in the name of the Company within the limitations of the corporate purpose and subject to the powers expressly attributed by law and the bylaws to Shareholders' Meetings and to the Supervisory Board.

No restriction on its powers is enforceable against third parties; these can take action against the Company to enforce obligations contracted in its name by the Chairman of the Management Board or by a Deputy CEO provided their appointments were duly published.

Members of the Management Board may divide management tasks among themselves with the authority of the Supervisory Board. Under no circumstances, however, does this division of tasks exempt the Management Board from meeting and deliberating on the most important matters regarding the running of the Company, nor does it exempt the Management Board and all of its members from their joint and several responsibilities.

The Management Board may nominate one or more of its members or any person chosen elsewhere to carry out such special, permanent or temporary assignments as it determines and delegate to them the powers it considers necessary for one or more specific purposes with or without the power to sub-delegate.

The Management Board prepares and presents to the Supervisory Board the reports required by the regulations in force as well as annual, half-yearly and, when appropriate, quarterly financial statements.

The Management Board convenes all Shareholders' Meetings, sets their agenda and performs their decisions.

Members of the Management Board are liable to the Company or to third parties, both individually or jointly and severally, as the case may be, whether for infringements of the legal provisions governing public limited companies, or for breaches of the bylaws, or for negligence in their management, under the conditions set and subject to the penalties provided for by the legislation in force.

Compensation of members of the Management Board (Article 16 of the bylaws)

The Supervisory Board sets the mode and amount of compensation of each member of the Management Board.

6.2.2.2 Supervisory Board

Supervisory Board's Internal Regulations

The Supervisory Board has Internal Regulations which determine its workings.

Composition and terms of office (Article 17 of the bylaws and Articles 1 and 2 of the Supervisory Board's Internal Regulations)

The Supervisory Board comprises three (3) to eighteen (18) members (subject to special dispensations provided for by law) appointed by the Shareholders' Meeting.

Members of the Supervisory Board are appointed by the Shareholders' Meeting, save that the Board has the power, in the event of a vacancy for one or more positions, to appoint replacements by way of co-option for the remainder of the predecessors' terms of office and subject to ratification by the next Shareholders' Meeting.

The number of members of the Supervisory Board aged over seventy (70) years may not exceed one third of members in office. Should this proportion be exceeded, the term of office of the oldest member of the Supervisory Board, other than the Chairman, expires at the end of the next Shareholders' Meeting.

The term of office of members of the Supervisory Board is four (4) years. The Shareholders' Meeting may, upon the appointment of certain members of the Supervisory Board, reduce their term of office to less than four (4) years in order to stagger the renewal of the terms of office of members of the Supervisory Board. They may be re-elected. The duties of a member of the Supervisory Board cease at the end of the Shareholders' Meeting convened to approve the financial statements for the previous fiscal year held in the year in which their term of office expires.

Members of the Supervisory Board must own at least 500 shares in the Company throughout their term of office, at all times no later than six months after being appointed.

No member of the Supervisory Board may be a member of the Management Board. Should a member of the Supervisory Board be appointed to the Management Board, their term of office on the Supervisory Board expires as soon as they take up that office.

Should the report presented by the Management Board to the Shareholders' Meeting pursuant to Article L. 225-102 of the French Commercial Code state that the shares owned by the Company's employees and by companies associated with the Company under Article L. 225-180 of said Code represent more than three per cent (3%) of the share capital, a member of the Supervisory Board representing employee shareholders is appointed by the Shareholders' Meeting in accordance with the terms and conditions laid down by the laws and regulations in force and the bylaws, provided the Supervisory Board does not already have among its members one or more member(s) appointed from among the members of the Supervisory Boards of the Company mutual funds representing employees, or one or more employees elected pursuant to Article L. 225-79 of the French Commercial Code if the bylaws make use of that provision.

Prior to the Shareholders' Meeting called to appoint the Supervisory Board member representing employee shareholders, the Chairman of the Supervisory Board refers to the Supervisory Boards of the Company mutual funds created under the employee savings plan of the Company and the entities it controls under Article L. 233-3 of the French Commercial Code (together the "Group") and invested principally in the Company's shares and consults employee shareholders as stipulated in the bylaws.

Candidates for appointment are nominated under the following conditions:

a. when the voting right attached to shares owned by employees is exercised by members of the Supervisory Board of a company mutual fund, that Board may appoint one candidate chosen from among its regular members representing employees. When there are several such company mutual funds, the Supervisory Boards of those funds can agree in identical resolutions to present two joint candidates chosen from among the sum total of their regular members representing employees;

b. when the voting right attached to shares owned by employees is directly exercised by those employees, one candidate may be nominated at the time of the consultations organized by the Company. These consultations, preceded by a call for applications, are organized by the Company by any technical means that make it possible to ensure the reliability of the vote, including electronic or postal voting. In order to be admissible, applications must be presented by a group of shareholders representing at least 5% of the shares owned by employees exercising their voting right on an individual basis.

The Company can form an *ad hoc* election committee to ensure the process is regular.

The minutes drawn up by the Supervisory Board(s) of the Company mutual funds or by *ad hoc* election committees presenting the applications must be sent to the Supervisory Board no later than eight (8) days before the date of its meeting convened to settle the resolutions of the Shareholders' Meeting relating to the appointment of the member of the Supervisory Board representing employee shareholders.

In order to be admissible, each application must present a principal and deputy candidate. The deputy candidate, who must satisfy the same conditions of eligibility as the principal, may be co-opted by the Supervisory Board to succeed the representative appointed by the Shareholders' Meeting in the event that they cannot complete their term of office. The co-option of the deputy by the Supervisory Board is subject to ratification by the next Shareholders' Meeting.

In order to ensure the continuity of employee shareholder representation and in the event that the deputy also cannot complete their term of office, the Chairman of the Supervisory Board refers to the body that originally nominated the candidate (the Supervisory Board of a company mutual fund or a group of employee shareholders) for it to nominate a new candidate whose appointment will be submitted to the Shareholders' Meeting.

The terms and conditions of nomination of candidates not defined by the laws and regulations in force or the bylaws are set by the Chairman of the Supervisory Board, in particular with regard to the timetable for the nomination of candidates.

Each procedure mentioned in a) and b) above is recorded in minutes comprising the number of votes received for each of the candidates. A list of all the candidates validly designated is established.

The Shareholders' Meeting rules, under the conditions applicable to any appointment of a member of the

Supervisory Board, on all *the* candidates validly designated; the candidate obtaining the highest number of votes held by the shareholders present or represented during this Shareholders' Meeting will be appointed as the member representing employee shareholders. Members representing employee shareholders are not taken into account when determining the minimum and maximum numbers of members of the Supervisory Board set by the bylaws (Article 17).

The term of office of the member of the Supervisory Board representing employee shareholders is four (4) years. Their term of office ceases at the end of the Shareholders' Meeting convened to approve the financial statements for the previous fiscal year held in the year in which their term of office expires. However, their term of office ceases automatically and the member of the Supervisory Board representing the employee shareholders is deemed to have automatically resigned in the event that they cease to be an employee of the Company (or of an entity or economic interest grouping associated with the Company under Article L. 225-180 of the French Commercial Code).

In the event that the position of member of the Supervisory Board representing employee shareholders becomes vacant for any reason whatsoever, the replacement will be arranged under the conditions set out above, at the latest prior to the next Shareholders' Meeting or, if this meeting occurs less than four (4) months after the position becomes vacant, prior to the subsequent Shareholders' Meeting. The new member of the Supervisory Board is appointed by the Shareholders' Meeting for the remainder of their predecessor's term of office.

The Supervisory Board may validly meet and deliberate until the date of replacement of the member(s) representing employee shareholders.

The above provisions shall cease to apply when, at the close of a fiscal year, the percentage of the capital owned by employees of the Company and entities associated with the Company under Article L.225-180 of the French Commercial Code, in the context set out by Article L. 225-102 of said Code, represents less than three per cent (3%) of the capital on the understanding that the term of office of any member appointed will expire on its expiry date.

Provisions relating to the number of shares that must be owned by a member of the Supervisory Board are not applicable to members representing employee shareholders. Nevertheless, members of the Supervisory Board representing employee shareholders must, either individually or through a company mutual fund created under the Group's employee savings plan, own at least one share or a number of units of said fund equivalent to at least one share.

The Supervisory Board ensures that wherever possible, at least a third of its members are independent; independence implies no value judgment as to the quality and skills that members bring to the Board.

On every appointment or reappointment of a Supervisory Board member, and at least annually before publication of the Company's Annual Report, the Supervisory Board carries out an assessment of the independence of each member (or candidate). During this assessment the Supervisory Board, having heard the opinion of the Compensation and Nominations Committee, assesses each member (or candidate) in light of the criteria set out below, any special circumstances and the person's relationship to the Company. The conclusions of this assessment are brought to the attention of shareholders in the Annual Report and, where applicable, of the Shareholders' Meeting during the election of the members of the Supervisory Board.

To qualify as independent, members of the Supervisory Board must in particular:

(i) not be an employee or executive corporate officer of the Company, or an employee or executive member of the Board of Directors or member of the Supervisory Board of any parent or consolidated entity, and not have been such in the past five years;

(ii) not be an executive corporate officer of an entity on whose Board of Directors or Supervisory Board the Company sits directly or indirectly or of an entity on whose Board of Directors or Supervisory Board a designated or actual executive corporate officer (current or less than five years ago) of the Company sits;

(iii) not be a customer, supplier, investment banker or bank lender:

- of significant importance for the Company or Group,
- or for whom the Company or its Group represents a significant part of their business (or who is directly or indirectly related to such a person);

(iv) not have any close family ties with a corporate officer of the Company;

(v) not have been a Statutory Auditor to the Company within the last five years;

(vi) not have been a member of the Company's Supervisory Board within the last twelve years preceding the start of their term of office.

(vii) not receive any variable compensation in cash or securities or any compensation linked to the Company's or the Group's performance.

Regarding Supervisory Board members who hold ten percent or more of the Company's equity or voting rights or who represent a legal entity with an equivalent stake, the Board, on report of the Compensation and Nominations Committee, rules on their independence taking special note of the composition of the Company's share ownership and any potential conflict of interest.

The Supervisory Board may consider that a Supervisory Board member who meets the above criteria may nevertheless not be deemed independent in view of their particular circumstances or those of the Company in light of its shareholder structure or for any other reason. Conversely, the Supervisory Board may consider that a member of the Supervisory Board who does not meet all the above criteria may nonetheless be deemed independent.

Members of the Supervisory Board deemed independent must inform the Chairman of the Supervisory Board of any change in their personal circumstances affecting these criteria as soon as they become aware of such a change.

A draft amendment to Article 17 of the Company bylaws and in particular the addition of a paragraph "VII" to this Article will be submitted for approval by the Annual General Meeting to be held on May 17, 2018 in its extraordinary part, with a view to implementing the designation of one or two members representing employees on the Supervisory Board of the Company, as required by Article L. 225-79-2 of the French Commercial Code.

Dismissal (Article 17 of the bylaws)

Members of the Supervisory Board may be dismissed at any time by the Shareholders' Meeting.

Officials of the Supervisory Board (Article 18 of the bylaws and Article 1.4 of the Supervisory Board's Internal Regulations)

The Supervisory Board elects a Chairman and can elect a Vice-Chairman from among its members for the duration of their term of office and in accordance with its Internal Regulations.

It determines their fixed or variable compensation.

The Chairman is responsible for convening the Supervisory Board, at least four (4) times a year, for setting the agenda of meetings and for chairing discussions.

The Vice-Chairman performs the same functions and has the same prerogatives if the Chairman is absent or when the Chairman has delegated his powers temporarily.

The Supervisory Board may appoint a secretary selected or not from among its members.

Powers and obligations of the Supervisory Board (Article 20 of the bylaws and Articles 1.5, 2.8, 2.9, 3 and 5 of the Supervisory Board's Internal Regulations)

The Supervisory Board exercises permanent control over the Management Board's running of the Company.

At any time of the year, it carries out such checks and inspections as it deems necessary and can obtain any documents from the Management Board that it considers necessary for it to carry out its task.

The Management Board, at least once every quarter, presents the Supervisory Board with a report summarizing the main management actions or decisions of the Company and containing all items for the Supervisory Board to be fully informed of the Company's business development as well as the half-yearly financial statements and quarterly accounting information.

Once a year the Management Board presents the budgets and investment plans to the Supervisory Board.

After the close of each fiscal year, and within the regulatory period, the Management Board presents the annual financial statements, consolidated financial statements and its report to the Shareholders' Meeting for verification and audit. The Supervisory Board presents its observations on the Management Board's report and the individual, parent company and consolidated financial statements to the Annual Shareholders' Meeting.

Under no circumstances can this supervision give rise to the taking of management action by the Supervisory Board or by its members, whether directly or indirectly.

The Supervisory Board appoints and may dismiss members of the Management Board according to the law and Article 12 of the bylaws.

The Supervisory Board sets the draft resolution proposing the appointment of the Statutory Auditors to the Shareholders' Meeting according to the law.

The transactions requiring prior approval by the Supervisory Board are listed in Section 5.2.1.2 *"Matters reserved for the Supervisory Board"* of this Registration Document. Within the limits that it shall determine and on the terms and conditions that it shall decide, the Supervisory Board may give prior authorization to the Management Board to carry out one or more of these transactions.

The Supervisory Board may form committees responsible for looking into matters that it or its Chairman submit for their examination and opinion. It determines the composition and remit of these committees which carry out their duties under its supervision.

A draft amendment to Article 20 of the Company's bylaws will be submitted for approval by the Extraordinary General Meeting of May 17, 2018 as set forth in Section 5.2.1.2 "Matters reserved for the Supervisory Board" of this Registration Document.

Reporting to the Supervisory Board (Article 4 of the Supervisory Board's Internal Regulations)

Each Supervisory Board member may receive, upon his or her appointment, additional training on the specifics of the Company and the companies it controls their business and their industry.

The Chairman of the Supervisory Board, or where appropriate the Vice-Chairman, provides Supervisory Board members, in sufficient time, the information or documents in his possession allowing them to perform their duties effectively. Any Supervisory Board member who is not in possession of the information needed to cast an informed vote has the duty to report this to the Supervisory Board and to demand the information relevant for the performance of his or her duties.

The Supervisory Board may hear from members of the Management Board who may be asked to attend its meetings except for meetings or deliberations called to assess the performance of the Chairman or members of the Management Board or, if applicable, the CEO(s).

The Management Board reports regularly to the Supervisory Board on the Company's and Group's business, results, cash position and commitments in accordance with the law, the bylaws, the Internal Regulations and the Internal Regulations of the Supervisory Board's Committees.

In particular, the Management Board reports the following information to the Supervisory Board:

(i) in general, the Management Board shall communicate to the Supervisory Board any document or information relating to the Company or the Group, the preparation or publication of which by the Management Board, is required by applicable regulations or to proper market information before their publication;

(ii) within ninety (90) days of the closing date of the annual accounts, the audited consolidated accounts of the Company, including in particular a balance sheet, an income statement, a cash flow statement and the notes thereto, as well as the audited company accounts, including in particular a balance sheet, an income statement and the notes thereto, together with the Statutory Auditors' reports;

(iii) bi-annually, a table summarizing the Company's shareholder structure;

(iv) quarterly, all other information, including financial and accounting information, provided by the Company to its bank lenders under credit agreements made by the Company as soon as the information is sent to the banks;

(v) monthly, a summary of the key financial and operating items of the Company and Group with a breakdown by country (including key income statement aggregates, corporate EBITDA, consolidated financial debt and cash);

(vi) at least quarterly, and whenever the Supervisory Board so requests or deems appropriate, a progress report on the business of the Company and Group;

(vii) within three months of the half-yearly closing dates, the parent company and consolidated financial statements along with the associated management report (presented first to the Audit Committee and then to the Supervisory Board for verification and audit);

(viii) within eight (8) days of being drawn up, the future projections of financial statements and accompanying analysis reports required by Articles L. 232-2 and L. 232-3 of the French Commercial Code (presented first to the Audit Committee and then to the Supervisory Board);

(ix) the Management Board presents, in order to obtain their approval, the Company's and Group's annual budget and medium-or long-term investment and financial plan for approval (the Supervisory Board may request that the Management Board provide quarterly monitoring reports on how these are being met);

(x) as required by the Audit Committee's Internal Regulations, and at least once a year, the Management Board's policy for managing and monitoring risks of all types affecting the Company and Group as well as the programs and measures implemented and the monitoring report on the effectiveness of group internal control, internal audit and risk management by the Management Board to the Audit Committee;

(xi) as required by the Compensation and Nominations Committee's Internal Regulations, and at least once a year by the Management Board to the Compensation and Nominations Committee, all information and policies relating to the fixed compensation, bonuses and benefits, deferred or conditional, of Management Board members (the Management Board reports this information to the Compensation and Nominations Committee which in turn reports it to the Supervisory Board and, if applicable, seeks its prior approval); in the same way, periodic information about succession plans for members of the Management Board and Executive Committee to the Compensation and Nominations Committee;

(xii) the Management Board shall provide any other information and documents relating to the company or group deemed to assist the Supervisory Board in fulfilling its duties.

Any member of the Supervisory Board may meet members of the Executive Committee without Management Board members being present, provided they inform a Management Board member beforehand. Such meetings are purely informative and must not impair any hierarchical reporting lines to which the executives concerned are subject.

Deliberations of the Supervisory Board (Article 19 of the bylaws and Articles 6 and 7 of the Supervisory Board's Internal Regulations)

Members of the Supervisory Board are called to its meetings by its Chairman or, in the case of impediment, by the Vice-Chairman, by any means, including orally. The Chairman of the Supervisory Board must convene the Supervisory Board when at least one member of the Management Board or at least one third of members of the Supervisory Board submit a written motivated request to this effect within fifteen (15) days of its receipt. If the demand is not acted upon, its authors may themselves convene the meeting and set the agenda.

Meetings take place at the Company's registered office or any other place specified in the notice of meeting. They are chaired by the Chairman of the Supervisory Board, and in the event of their absence, by the Vice-Chairman. The Supervisory Board meets every three (3) months, notably to review the quarterly report presented by the Management Board with, if necessary, a report of the Audit Committee, to verify and audit the documents and information provided by the Management Board, and whenever the interests of the Company so require. Meetings must be sufficiently frequent and long to allow in-depth review and discussion of the matters falling under the Supervisory Board's responsibility.

Meetings are held and decisions made under the quorum and majority conditions provided by law. In the event of a tied vote, only the Chairman of the Supervisory Board has a casting vote.

Pursuant to applicable laws and regulations, the use of video-conference or other means of telecommunication is authorized for any Supervisory Board meeting: the means used must enable real-time and continuous transmission of speech and, if applicable, video images of the members, who must be visible to everyone. These means must also permit each member to be identified and ensure their active participation in meetings. Directors participating in a meeting by means of video conference or other means of telecommunication as described above are deemed present for purposes of calculating quorum and majority. The attendance sheet includes the names of members participating in the Supervisory Board meeting in such manner.

The meeting's minutes must indicate the names of those Supervisory Board members deemed present in this manner. The minutes must also mention the occurrence of any technical difficulties that may have interfered with the meeting.

In accordance with Article L. 225-82 of the French Commercial Code and Article 19-III of the Company's bylaws, participation in Supervisory Board meetings by means of video conference or telecommunication is prohibited for votes on the following decisions:

- appointing or replacing a Chairperson or Vice-Chairperson;
- appointing or removing members of the Management Board;
- closing the annual Company and consolidated financial statements and reviewing the Company and Group management reports.

The minutes of meetings of the Supervisory Board are prepared and copies or extracts thereof are delivered and certified in accordance with the law.

Compensation of members of the Supervisory Board (Article 21 of the bylaws and Article 8 of the Supervisory Board Internal Regulations)

The Shareholders' Meeting may allocate an annual fixed sum as attendance fees to the members of the Supervisory Board by way of compensation for their duties.

On recommendation of the Compensation and Nominations Committee, the Supervisory Board:

- freely divides up among its members the attendance fees allocated to the Board by the Shareholders' Meeting. Committee members receive a share, set by the Supervisory Board and deducted from the total attendance fees allocated, according to their attendance at Committee meetings;
- determines the compensation of the Chairperson and Vice-Chairperson;
- allocates, if it sees fit, exceptional compensation to certain members for tasks or duties entrusted to them.

Fixed payments are adjusted on a proportional basis when terms of office begin or end in the fiscal year.

Attendance fees are paid annually in arrears.

The rules for dividing up attendance fees and determining their individual amounts must be disclosed in the Annual Report, it being understood that the total amount paid to members of the Supervisory Board, including for their work in committees but excluding receipted expenses, cannot exceed the amount authorized by the General Meeting.

6.2.2.3 College of censors (Article 22 of the bylaws and Article 10 of the Supervisory Board's Internal Regulations)

The Shareholders' Meeting may appoint censors for the purpose of assisting the Supervisory Board. Censors may or may not be shareholders and can number up to four. They are appointed for a maximum term of two (2) years. The Shareholders' Meeting may revoke their appointment at any time. The Supervisory Board sets their attributions and determines their compensation.

The age limit of a censor is eighty (80) years. Any censor reaching that age will be deemed to have automatically resigned.

Censors are convened to all meetings of the Supervisory Board under the same terms and conditions as members of the Supervisory Board and take part in its deliberations in a solely consultative capacity. Censors express their observations during the Supervisory Board's Meetings. They cannot replace members of the Supervisory Board and only issue their opinions. The Supervisory Board may also entrust specific assignments to censors.

6.2.3 Rights and obligations attached to shares (Articles 6, 7, 9 and 10 of the bylaws)

6.2.3.1 General principles

Fully paid up ordinary shares are held in either registered or bearer form at the shareholder's discretion. Class C and D preferred shares can only be held in registered form. They are registered in the accounts of their owners according to the laws and regulations in force.

Ownership of a share automatically implies acceptance of the bylaws and the decisions made at Shareholders' Meetings.

Each share carries a right to ownership of the Company's assets and liquidation surpluses equal to the fraction of the share capital that it represents.

Whenever it is necessary to own several old shares in order to exercise any right, or in the event of a securities swap or allocation conferring a right to a new security in exchange for the delivery of several old shares, individual securities or numbers of securities lower than that required will not give their holders any rights against the Company, and shareholders must make their own arrangements to group together and potentially purchase or sell the necessary number of securities.

The shares are indivisible as regards the Company so that joint owners of undivided shares must arrange to be represented to the Company either by one of them or by a single representative appointed by the courts in the event of disagreement.

Each ordinary share grants the right to vote and to be represented at any Shareholders' Meeting in accordance with legal and statutory requirements. Bylaws governing voting rights are explained in Section 6.2.5 *"Shareholders' Meetings" of* this Registration Document.

6.2.3.2 Specific characteristics of preferred shares

Class C and D preferred shares (Appendices A and B of the bylaws)

Class C and D Shares are preferred shares under Article L. 228-11 of the French Commercial Code whose issue was agreed by the Company's Management Board on May 15, 2015 exercising powers granted it at the Annual General Meeting of February 24, 2015.

C and D category shares have no voting rights but otherwise confer the same rights as ordinary shares. For further details see section 6.2.3.1 "*General principles*".

Class C preferred shares (the "C Shares") were subscribed by a number of Group employees and executives who are members of the Executive Committee (the "C managers") and Class D preferred shares (the "D Shares") were subscribed by Eurazeo. The D Shares were subject to a promise by Eurazeo to sell them in favor of C managers and an obligation imposed on C managers to purchase them from Eurazeo in the event of the signing of a security agreement relating to the IPO. The D Shares were transferred by Eurazeo to the C Managers following signature of a security agreement on May 7, 2015, as part of the Company's listing of its shares on the Euronext Paris regulated market on June 26, 2015 (the "IPO").

The terms and conditions of the C and D Shares lay down the conditions under which holders of C and D Shares may convert them into ordinary shares. Under their terms and conditions, as from the date of the IPO, C Shares can be converted into ordinary shares at any time until December 31, 2019; D Shares cannot be converted during a one year lock-in period after the IPO, *i.e.* until June 26, 2016, and thereafter only half of D Shares can be converted in the following year. The remainder is convertible as from two years after the IPO, *i.e.* as from June 26, 2017.

As from the IPO, the conversion ratio of Class C and D Shares into ordinary shares is determined on the basis of the exercise period taking into account a multiple of the value of the ordinary shares varying in line with their trading price. For the purposes of this calculation, the value of the ordinary shares is equal either to a weighted average of the share price over a period of ten trading days preceding the notification date of conversion.

Under the agreement between the C Managers and Eurazeo in respect of the issuance, neither Class C nor Class D Shares can be sold (except to Eurazeo) and ordinary shares created by the conversion of Class C Shares cannot be transferred during the lock-up period set by the underwriting banks and in any case before a minimum period of one year. Nor can the Chairman or the members of the Management Board dispose of either class of share if this would reduce their holdings to below the corresponding minimum requirement until the end of their term of office (the minimum requirement is the lower of either 10% of the ordinary shares held immediately before the sale or the equivalent of three times the annual compensation based on the value of the ordinary shares at the sale date).

The agreement also defines the joint transfer rights and commitments of the C Managers as well as their commitment to transfer their C and D Shares to Eurazeo if they leave the Group under certain specified circumstances.

No preferred shares have been converted since June 26, 2017.

If no conversion occurs before December 31, 2019, the Class C and D Shares will automatically be converted into the same number of ordinary shares in the Company.

6.2.4 Changes to shareholders' rights

The rights of shareholders may be changed under the law and regulations in force. There is no specific stipulation that restricts changes to shareholders' rights beyond the requirements of the law.

6.2.5 Shareholders' Meetings (Articles 9, 10, 24 and 25 of the bylaws)

Shareholders' Meetings are convened and deliberate in accordance with the law.

Meetings take place either at the registered office or in any other place specified in the notice of meeting.

Shareholders may attend Shareholders' Meetings in accordance with the law.

Any shareholder may take part in Shareholders' Meeting either personally or by appointing a proxy (C and D shares are non-voting). They may also attend any Shareholders' Meeting by postal vote according to the laws and regulations in force.

The Management Board is empowered to authorize transfer by telecommunications (including by electronic media) to the Company of the postal proxy and voting forms in accordance with applicable law and regulations.

When e-signatures are used, they can take any form complying with the conditions set out in the first sentence of paragraph 2 of Article 1316-4 of the French Civil Code.

If the Management Board announces in the notice of meeting that such means of telecommunication may be used, all shareholders attending by video conference or other telecommunication permitting their identification as required by applicable regulations are deemed present for purposes of calculating quorum and majority.

Meetings are chaired by the Chairman of the Supervisory Board or, in their absence, by the Vice-Chairman. Failing this, the meeting elects its own Chairman.

Minutes are taken of Shareholders' Meetings and copies or extracts provided and certified in accordance with law.

Each ordinary share grants the right to vote and to be represented at any Shareholders' Meeting in accordance with legal and statutory requirements.

When ordinary shares are held in usufruct, their right to vote at Shareholders' Meetings belongs to the usufruct-holders. However, shareholders may agree among themselves any other allocation of the exercise of voting rights at Shareholders' Meetings. In this case, they must notify their agreement to the Company by registered mail sent to the registered office and the Company will be obliged to respect this agreement at any Shareholders' Meeting held more than one (1) month after the date the registered letter was sent, as attested by the postmark.

Double voting rights are granted to all fully paid up ordinary shares that have been held in registered form by the same holder for a continuous period of at least two (2) years. The length of time that shares were held prior to the listing date of the Company's ordinary shares on Euronext Paris will not be counted towards the two-year holding period. The Company has thus not exercised the option to waive attribution of double voting rights set out in Article L. 225-123 paragraph 3 of the French Commercial Code.

In accordance with Article L. 225-123 paragraph 2 of the French Commercial Code, in the event of a share capital increase by incorporation of reserves, earnings or share premiums, double voting rights will be granted upon issuance to new ordinary shares allocated free of charge to a shareholder in respect of existing shares already carrying such rights.

Double voting rights may be exercised at any Shareholders' Meeting.

Any ordinary share that is transferred or converted into bearer form loses its double voting right. However, a transfer of ownership through inheritance, liquidation of marital property or *inter vivos* donation to a spouse or relative entitled to inherit does not result in the loss of an acquired double voting right and does not interrupt the two-year holding period above.

Any shareholder may vote by mail under the terms and conditions and using the procedures prescribed in accordance with applicable law and regulations. Shareholders may, in accordance with applicable law and regulations, send their proxy or voting forms by mail in either paper format or, if the Management Board so decides and announces in the notice of meeting, by telecommunications (including electronic media); the Company may, to this end, use an identification procedure that complies with the conditions in the first sentence of paragraph 2 of Article 1316-4 of the French Civil Code.

6.2.6 Bylaws provisions likely to have an effect in the event of a change of control

The Company's bylaws do not contain any provisions likely to have an effect in the event of a change of control.

6.2.7 Threshold crossing and identification of shareholders

6.2.7.1 Threshold crossings (Article 8 of the bylaws)

Aside from applicable legal and regulatory thresholds, any natural person or legal entity, acting alone or in concert, who comes or ceases to hold, directly or indirectly, one percent (1%) or more of the Company's share capital or voting rights, or any multiple of this percentage, including above the declaration thresholds set by law and regulations, must inform the Company of the total number of shares and voting rights owned and of any securities giving access to the capital or voting rights potentially attached by registered post with recorded delivery to the headquarters (general address) by the close of trading on the fourth trading day following the date the threshold was crossed.

For the purpose of determining the thresholds described above, account is also taken of the shares or voting rights held indirectly and shares or voting rights associated with shares or voting rights held as defined in Articles L. 233-7 *et seq*. of the French Commercial Code.

In the event of a failure to comply with the above requirements, the penalties prescribed by law for any shareholder in breach of their obligation to declare the crossing of a legal threshold shall only be applied to the thresholds prescribed in the bylaws on the demand, recorded in the minutes of the Shareholders' Meeting, of one or more shareholders holding at least one percent (1%) of the Company's share capital or voting rights.

The Company reserves the right to announce to the public and to shareholders either the information notified to it or any failure to comply with the above obligation by the person concerned.

6.2.7.2 Identification of shareholders (Article 7 of the bylaws)

The Company is entitled, under the law and regulations in force, and against payment of a fee at its own cost, to ask the central depository of financial instruments to be informed, as the case may be, of the name or corporate name, nationality, date of birth or year of formation, and mail address, and, when appropriate, electronic address, of the holders of bearer securities conferring the right to vote at its Shareholders' Meetings, whether immediately or in the future, together with the quantity of securities owned by each of them and, if applicable, the restrictions to which the securities may be subject. In view of the list provided by the aforementioned organization, the Company has the power to ask the persons appearing thereon, whom the Company deems potentially registered on behalf of third parties, for the above information concerning the owners of the securities.

If a person asked for information has failed to provide said information within the periods provided by the laws and regulations in force, or has provided incomplete or incorrect information relating either to their status or the owners of the securities, the shares or securities giving immediate or future access to the Company's equity in respect of which that person was registered in an account will be stripped of their voting rights for any Shareholders' Meeting held until the identification process is regularized, and payment of the corresponding dividend will be deferred until that date.

6.2.8 Changes to the share capital

Unless stated otherwise in the bylaws, the share capital may be increased, reduced or canceled by any method and in any manner permitted by law.

6.2.9 Distribution of profits (Article 27 of the bylaws)

The profit or loss of each fiscal year is determined according to the laws and regulations in force.

In the event of a profit for the fiscal year after deductions to establish or increase legal reserves, the Shareholders' Meeting, on the proposal of the Management Board, may deduct any sums that it considers appropriate to be either retained and carried forward to the next fiscal year or allocated to one or more general or special reserve funds or distributed to shareholders.

The Shareholders' Meeting has the power to grant shareholders the option to receive payment of all or part of their dividend or interim dividend in cash or in shares under the conditions laid down by the regulations in force. In addition, the Shareholders' Meeting may decide that payment of all or part of dividends, interim dividends, distributed reserves or premiums, or any reduction in capital, will be deducted in kind using the Company's portfolio securities or assets.

All shareholders share in profits and contribute to losses in proportion to their stake in the share capital.

6.3 SHARE CAPITAL

6.3.1 Number of shares

The share capital at December 31, 2017 was at €161,030,883. The share capital is divided into 161,022,797 ordinary shares having a nominal value of one (1) euro each, 4,045 Class C preferred shares and 4,041 Class D preferred shares.

On the date of this Registration Document, the amount of the share capital was €161,030,883. The share capital is divided into 161,022,797 ordinary shares with a nominal value of one (1) euro each, 4,045 Class C preferred shares and 4,041 Class D preferred shares.

6.3.2 Securities giving access to share capital

There were no outstanding securities giving access to share capital and voting rights at December 31, 2017.

The Annual General Meeting of May 10, 2017 (20th, 21st, 22nd, 23rd, 24th,25th, 26th and 27th resolutions) granted various authorizations to the Management Board to issue securities giving access to the share capital, which are described in Section 6.3.5.1 *"Table of currently valid delegations on the date of this Registration Document, concerning increases in share capital and utilization as at December 31, 2017".*

6.3.3 Changes in share capital over the last three years

Year	Date	Type of transaction	Capital before transaction *(in euros)*	Nominal amount of transaction *(in euros)*	Capital after transaction *(in euros)*	Number of shares after transaction
2015	2/24/2015	Capital decrease to cover losses by reducing the par value of the shares	446,383,193.50	(336,844,642.72)	109,538,550.78	103,810,045
2015	5/15/2015	Capital increase through the issuance of Class C and Class D preferred shares	109,538,550.78	8,532.21	109,547,082.99	103,818,131
2015	6/08/2015	Capital increase by incorporation of premiums	109,547,082.99	98,909,577.01	208,456,660	103,818,131
2015	6/08/2015	Capital decrease to cover losses by reducing the par value of the shares	208,456,660	(104,638,529.00)	103,818,131	103,818,131
2015	6/29/2015	Increase in share capital by the conversion of Class B preferred shares	103,818,131	495,845	104,313,976	104,313,976
2015	6/29/2015	Capital increase by public offering without preferential subscription right	104,313,976	38,775,510	143,089,486	143,089,486
2015	8/07/2015	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,089,486	8,829	143,098,315	143,098,315
2015	10/15/2015	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,098,315	7,444	143,105,759	143,105,759
2015	12/15/2015	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,105,759	48,257	143,154,016	143,154,016
2016	1/06/2016	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,154,016	16,206	143,170,222	143,170,222
2016	1/11/2016	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,170,222	8,067	143,178,289	143,178,289
2016	2/01/2016	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,178,289	15,835	143,194,124	143,194,124
2016	3/03/2016	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,194,124	67,172	143,261,291	143,261,296
2016	3/14/2016	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,194,125	92,166	143,286,291	143,286,291
2016	3/29/2016	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,286,291	39,276	143,325,567	143,325,567
2016	4/11/2016	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,325,567	36,194	143,361,761	143,361,761
2016	4/18/2016	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,361,761	11,343	143,373,104	143,373,104

Year	Date	Type of transaction	Capital before transaction *(in euros)*	Nominal amount of transaction *(in euros)*	Capital after transaction *(in euros)*	Number of shares after transaction
2016	04/22/2016	Capital increase by the creation of new shares following conversion of Class B preferred shares	143,373,104	36,194	143,409,298	143,409,298
2017	2/24/2017	Capital increase reserved for members of company savings plans, with waiver of preferential subscription rights	143,409,298	2,191,397	145,600,695	145,600,695
2017	2/24/2017	Capital increase reserved for categories of beneficiaries as part of employee share ownership transactions	145,600,695	532,017	146,132,712	146,132,712
2017	6/23/2017	Capital increase through a private placement with waiver of preferential subscription rights	146,132,712	14,612,460	160,745,172	160,745,172
2017	6/26/2017	Capital increase by the creation of new shares for the purposes of allocating free shares	160,745,172	285,711	161,030,883	161,030,883

6.3.4 Information about potential dilution

The Company has issued preferred shares whose terms and conditions for conversion into ordinary shares appears in Section 6.2.3.2. "*Specific characteristics of preferred shares*" of this Registration Document.

At December 31, 2017 there were no stock options outstanding.

6.3.5 Summary tables of delegations relating to share capital increases

6.3.5.1. Table of currently valid delegations on the date of this Registration Document, concerning increases in share capital and utilization as at December 31, 2017

The table below summarizes all delegations and remaining valid as at December 31, 2017, granted by shareholders at the Annual General Meetings of May 10, 2016 and May 10, 2017, and the use made of such authorizations as of December 31, 2017:

Shareholders' Meeting *(No. of resolution)*	**Type of authorization**	**Authorized share capital ceiling** *(nominal amount or percentage)*	**Term** *(expiry)*	**Provisions utilized during the period in 2017**
5/10/2016 (resolution 12)	Authorization to the Management Board to grant free shares, with automatic waiver of subscription rights, to corporate officers and employees.	The total maximum number of shares granted may not exceed 5% of the share capital on the day the decision is made by the Management Board	38 months (7/09/2019)	See Section 6.3.3
5/10/2017 (resolution 18)	Authorization for the Company's share buy-back program.	€50,000,000	18 months (11/09/2018)	See Section 6.3.8
5/10/2017 (resolution 19)	Delegation of authority to the Management Board to increase share capital by capitalizing reserves, profits, share premiums, acquisition premiums or goodwill on consolidation.	€500,000,000	26 months (7/09/2019)	-
5/10/2017 (resolution 20)	Delegation of authority to the Management Board to increase share capital through the issuance of shares and/or equity securities with preferential subscription rights giving access to other equity securities or securities entitling holders to receive debt and/or other securities giving rights to equity securities to be issued by the Company.	€70,000,000 (1)(2) €750,000,000 in debt securities	26 months (7/09/2019)	-
5/10/2017 (resolution 21)	Delegation of authority to the Management Board to issue shares and/or equity securities without preferential subscription rights giving access to other equity securities and/or securities entitling holders to receive debt and/or other securities giving access to future shares through a public offering or as part of a takeover bid involving the exchange of shares.	€35,000,000 (1)(2)(3) €750,000,000 in debt securities	26 months (7/09/2019)	
5/10/2017 (resolution 22)	Delegation of authority to the Management Board to increase share capital through the issuance of shares and/or equity securities without preferential subscription rights giving access to other equity securities and/or securities entitling holders to receive debt and/or other securities giving rights to equity securities to be issued by the Company through a private placement under Article L. 411-2 II of the French Monetary and Financial Code.	10% of share capital per 12-month period (1)(2)(3) €750,000,000 for debt securities,	26 months (7/09/2019)	See Section 6.3.3
5/10/2017 (resolution 23)	Authorization to the Management Board, in the event of an issue of shares and/or equity securities without subscription rights giving access to other equity instruments and equity securities entitling holders to receive future securities, to set the issue price at no more than 10% of the share capital.	10% of share capital per 12-month period (1)	26 months (7/09/2019)	See Section 6.3.3
5/10/2017 (resolution 24)	Authorization granted to the Management Board to increase the number of shares or securities issuable in the event of share capital increase with or without preferential subscription rights.	15% of the initial issue (1)	26 months (7/09/2019)	-

Shareholders' Meeting *(No. of resolution)*	**Type of authorization**	**Authorized share capital ceiling** *(nominal amount or percentage)*	**Term** *(expiry)*	**Provisions utilized during the period in 2017**
5/10/2017 (resolution 25)	Authorization granted to the Management Board to increase share capital without preferential subscription rights through the issuance of shares and/or equity securities giving access to other capital securities and/or entitlement to the award of debt securities and securities giving rights to equity securities to be issued in consideration of contributions in kind made to the Company (excluding tender offers).	10% of share capital (1)	26 months (7/09/2019)	-
5/10/2017 (resolution 26)	Delegation of authority to the Management Board to increase the share capital by issuing shares and/or other securities giving access to the share capital reserved for members of a company savings plan, with waiver of preferential subscription rights for the latter.	2% of share capital (1)(2)	26 months (7/09/2019)	See Section 6.3.3
5/10/2017 (resolution 27)	Delegation of authority to the Management Board to increase the share capital by issuing without preferential subscription rights securities reserved for certain categories of beneficiaries under an employee shareholding plan.	2% of share capital (1)(2)	18 months (11/09/2018)	See Section 6.3.3
5/10/2017 (resolution 29)	Delegation of authority to the Management Board to reduce the share capital by cancellation of shares purchased under share buyback program.	10% of the share capital per period of 24 months	26 months (7/09/2019)	-

(1) The total maximum nominal amount of share capital increases that can be held under this authority counts toward the overall ceiling of €70 million.
(2) This amount may be increased by the nominal amount of ordinary shares in the Company to be issued in future, if applicable, in order to safeguard the rights of holders of securities giving access to the share capital in accordance with law and regulations and any applicable contractual terms.
(3) The maximum global nominal amount of increases in share capital likely to be conducted pursuant to this delegation may not be greater than €35 million and shall be deducted from the global nominal ceiling of €70 million.

6.3.5.2 Delegations relating to share capital increases to be voted on at the Annual General Meeting of May 17, 2018

General Meeting *(No. of resolution)*	**Type of authorization**	**Authorized share capital ceilings** *(nominal amount or percentage)*	**Term** *(expiry)*
5/17/2018 (resolution 18)	Authorization for the Company's share buy-back program.	€75,000,000	18 months (11/16/2019)
5/17/2018 (resolution 19)	Delegation of authority to the Management Board to increase share capital by capitalizing reserves, profits, share premiums, acquisition premiums or goodwill on consolidation.	€500,000,000	26 months (7/16/2020)
5/17/2018 (resolution 20)	Delegation of authority to the Management Board to issue, with preferential subscription rights, shares and / or equity securities giving access to other equity securities and / or giving the right to the allocation of debt securities and / or marketable securities giving rights to future shares.	€80,000,000 (1)(2) €750,000,000 in debt securities	26 months (7/16/2020)
5/17/2018 (resolution 21)	Delegation of authority to the Management Board to increase share capital through the issuance of shares and/or equity securities without preferential subscription rights giving access to other equity securities and/or securities entitling holders to receive debt or other securities giving rights to equity securities to be issued by the Company through a public offering or a public exchange offering.	€35,000,000 (1)(2)(3) €750,000,000 in debt securities	26 months (7/16/2020)
5/17/2018 (resolution 22)	Delegation of authority to the Management Board to increase share capital through the issuance of shares and/or equity securities without preferential subscription rights giving access to other equity securities and/or securities entitling holders to receive debt and/or other securities giving rights to equity securities to be issued by the Company through a private placement under Article L. 411-2 II of the French Monetary and Financial Code.	20% of share capital per 12-month period (1)(2)(3) €750,000,000 for debt securities	26 months (7/16/2020)
5/17/2018 (resolution 23)	Authorization to the Management Board, in the event of an issue of shares and/ or equity instruments without subscription rights giving access to other equity instruments and equity securities entitling holders to receive future securities to set the issue price at no more than 10% of the share capital.	10% of share capital per 12-month period (1)	26 months (7/16/2020)
5/17/2018 (resolution 24)	Authorization granted to the Management Board to increase the number of shares or securities issuable in the event of capital increase with or without preferential subscription rights.	15% of the initial issue (1)	26 months (7/16/2020)
5/17/2018 (resolution 25)	Authorization granted to the Management Board to increase share capital without preferential subscription rights through the issuance of shares and/or equity securities giving access to other capital securities and/or entitlement to the award of debt securities and securities giving rights to equity securities to be issued in consideration of contributions in kind made to the Company (excluding tender offers).	10% of share capital (1)	26 months (7/16/2020)
5/17/2018 (resolution 26)	Delegation of authority to the Management Board to issue shares and/or equity securities giving right to other equity securities of the Company or giving right to the grant of debt securities, and to issue other securities giving right to future shares, with waiver of preferential subscription rights, for the benefit of a category of persons as part of an equity line transaction.	10% of share capital (1)(3)	18 months (November 16, 2019)
5/17/2018 (resolution 27)	Delegation of authority to the Management Board to increase the share capital by issuing shares and/or equity securities without preferential subscription rights giving access to other equity securities and/or entitling holders to receive debt and/or other securities giving access to future shares, reserved for members of an employee savings plan.	3% of share capital (1)(2)	26 months (7/16/2020)
5/17/2018 (resolution 28)	Delegation of authority to the Management Board to increase the share capital by issuing without preferential subscription rights securities reserved for certain categories of beneficiaries under an employee shareholding plan.	3% of share capital (1)(2)	18 months (11/16/2019)

(1) The total maximum nominal amount of share capital increases that can be held under this authority counts toward the overall nominal ceiling of €80 million.
(2) This amount may be increased by the nominal amount of ordinary shares in the Company to be issued in future, if applicable, in order to safeguard the rights of holders of securities giving access to the share capital in accordance with law and regulations and any applicable contractual terms.
(3) The maximum global nominal amount of increases in share capital likely to be conducted pursuant to the 21st, 22nd, and 26th resolutions may not be greater than €35 million and shall be deducted from the global ceiling of €80 million.

6.3.6 Non-equity securities

As of the filing date of this Registration Document, the Company has issued no non-equity securities.

6.3.7 Pledges

At the date of this Registration Document, to the Company's knowledge, none of the shares comprising its capital was pledged.

6.3.8 Share buy-back agreement

6.3.8.1 Description of the 2017 buy-back agreement

(A) Legal framework

By approving resolution 18 of the Combined General Meeting of May 10, 2017, shareholders authorized the Management Board to implement a share buy-back agreement in accordance with Article L. 225-209 of the French Commercial Code and AMF general regulations (the "Buy-back Agreement"). This authorization cancels and replaces that granted at the Annual General Meeting of May 10, 2016.

(B) Characteristics of the Buy-back Agreement

The Buy-back Agreement was approved for a period of 18 months from the date of the Annual General Meeting of May 10, 2017, until November 9, 2018. The maximum purchase price per share under this authorization is €20.00. The Management Board was authorized to buy a number of shares representing up to 10% of the Company's share capital at the purchase date.

The various objectives of the Buy-back Agreement, in accordance with the prevailing regulations and market practices accepted by the AMF, are as follows:

- canceling, all or part, by virtue of an authorization to the Management Board conferred by the Extraordinary Shareholders' Meeting; or
- creating a market for the share within the framework of a liquidity contract entered into with an independent investment services provider in accordance with a Code of ethics recognized by the AMF; or
- allocation or transfer of shares to employees and corporate officers of the Company and/or companies that are or will be related to it under the conditions defined by the applicable law, notably the exercise of stock options, the grant of free shares company profit-sharing schemes; or
- delivering or exchanging shares upon the exercise of rights attached to debt securities entitling the holder, in any manner, to receive shares in the Company; or
- retain or subsequently deliver further to an exchange or in consideration of any external growth transactions; or
- any other practice allowed or recognized by law or by the AMF, or that comes to be allowed, or any other objective that complies with the prevailing regulations.

In case of transactions undertaken for purposes other than the above, the Company shall inform its shareholders through a press release.

6.3.8.2 Share buy-backs and disposals carried out by Europcar Groupe in 2017

In fiscal year 2017, the Management Board implemented the Buy-back Agreement and bought a total of 1,943,049 shares at an average price of €10.43 for a total cost of €22,174,183, distributed as follows:

(A) Buy-back of shares for cancellation

Europcar Groupe did not cancel any shares during fiscal year 2017.

(B) Buy-backs of shares for market making under the liquidity contract.

134,750 shares were held under this liquidity contract at December 31, 2017.

The total number of shares bought in fiscal year 2017 on behalf of the Company under the terms of a liquidity contract for the purposes of market making agreed with Rothschild Martin Maurel, was 1,869,889 shares bought back at an average price of €11.28 per share, for a total cost of €21,481,628. 519,471of these shares were acquired at an average price of €9.91 per share, for a total cost of €5,141,779 pursuant to the authorization granted by resolution 11 approved by the Combined General Meeting of May 10, 2016, and 1,350,418 shares were acquired at an average price of €11.94 per share, for a total cost of €16,339,849, pursuant to the authorization granted by resolution 18 approved by the Combined General Meeting of May 10, 2017.

(C) Share buy-backs for grant to employees and corporate officers

During fiscal year 2017, the Company bought 51,754 shares at an average price of €9.55 and a total cost of €430,280 for the purpose of for the purpose of allocating shares to the employees or corporate officers.

(D) Share buy-backs for conservation or future use in M&A

During fiscal year 2017, the Company bought 21,406 shares at an average price of €9.60 and a total cost of €262,275 for the purpose of for the purposes of retaining or subsequently delivering them for the purposes of an external growth transaction.

(E) Disposals of shares during fiscal year 2017

During fiscal year 2017, the total number of shares sold on behalf of the Company under the terms of a liquidity contract for the purposes of market making entered into with Rothschild Martin Maurel was 1,731,139 shares at an average price of €11.55 per share for a total cost of €20,127,840.

(F) Methods used for share buy-backs

During the 2017 fiscal year, the Company purchased 73,160 shares through direct purchases on the market, at an average price of €9.58 per share for a total cost of €692,554.

Moreover, the Company purchased, *via* a liquidity agreement entered into with Rothschild Martin Maurel, a total of 1,869,889 shares at an average price of €11.28 for a total cost of €21,481,628.

The Company did not use derivatives to make its purchases during this period.

(G) Re-allocations

The Company did not reallocate any shares during fiscal year 2017.

(H) Amount of trading fees

The amount of trading fees with respect to share buy-backs totaled €76,664 excluding taxes in fiscal year 2017.

6.3.8.3 Share buy-backs and disposals carried out in early 2018

Since the start of fiscal year 2018 and up to March 31, 2018, Rothschild Martin Maurel has bought, on behalf of Europcar Groupe, 524,635 shares at an average price of €10.551 for a total cost of €5,387,154, and sold 484,385 shares at an average price of €10.90 for a total cost of €5,165,755. Europcar Groupe did not use derivatives to make its purchases during this period.

At March 31, 2018, the number of shares held by the Company under the liquidity contract was 875,000 with a nominal value of one (1) euro each.

6.3.8.4 Authorization to be voted on at the Annual General Meeting of May 17, 2018

The Management Board will be seeking a new 18-month authorization at the Annual General Meeting to be held on May 17, 2018, to buy up to 10% of the outstanding shares in the Company (*i.e.*, for indicative purposes, 16,103,088 shares at December 31, 2017) at a maximum price per share of €20, it being specified that the total maximum amount that the Company may devote to the buyback of its own shares may not exceed €75 million.

If approved by Annual General Meeting of May 17, 2018, the Company will buy back these shares, in accordance with Article L. 225-209 of the French Commercial Code, Articles 241-1 to 241-5 of the AMF general regulations, L.451-3 of the French Monetary and Financial Code and European regulations on market abuse for:

- canceling in whole or in part, treasury shares by virtue of an authorization to the Management Board conferred by the Extraordinary Shareholders' Meeting; or
- creating a market for the share within the framework of a liquidity contract entered into with an independent investment services provider in accordance with a Code of ethics recognized by the AMF; or
- allocating or transferring of shares to employees and corporate officers of the Company and/or companies that are or will be related to it under the conditions defined by the applicable law, notably the exercise of stock options, the grant of free shares company profit-sharing schemes; or
- delivering or exchanging shares upon the exercise of rights attached to debt securities entitling the holder, in any manner, to receive shares in the Company; or
- retaining or subsequently delivering further to an exchange or in consideration of any external growth transactions; or
- any other practice allowed or recognized by law or by the AMF, or that comes to be allowed, or any other objective that complies with the prevailing regulations.

In case of transactions undertaken for purposes other than the above, the Company shall inform its shareholders through a press release.

These transactions may be carried out during 18 months from May 17, 2018 within the limits set by the applicable regulations.

6.3.9 Conditions governing all rights of acquisition and/or all obligations attached to subscribed but not paid up share capital

Not applicable.

6.3.10 Share capital of any company within the Group subject to an option or an agreement providing for it to be placed under option

Not applicable.

6.4 PRINCIPAL SHAREHOLDERS OF THE COMPANY

6.4.1 Company shareholding at December 31, 2017 and changes in the last three fiscal years

Distribution of share capital during the last three fiscal years

The table below gives information about the Company's shareholding structure at December 31, 2017, and changes over the last three years. In accordance with the AMF's Position-Recommendation 2009-16, it shows theoretical or "gross" voting rights, which include votes attached to non-voting shares in accordance with Article 223-11 of the AMF's general regulations. This forms the denominator for shareholders' to calculate their percentage holdings of the share capital and voting rights for the purpose of regulatory declarations (including threshold crossing regulations).

At December 31, 2017, to the Company's knowledge, with the exception of Eurazeo S.E., Morgan Stanley and Kairos Investment Management S.p.A., no other shareholders held, either directly or indirectly, alone or in concert, more than 5% of the share capital or voting rights.

	Shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable at Shareholders' Meetings	% Voting rights exercisable at Shareholders' Meetings
As at Dec. 31, 2017						
Eurazeo S.E.	48,960,740 (1)	30.4%	48,961,006	30.4%	48,961,006	30.56%
Morgan Stanley	9,047,141	5.62%	9,047,141	5.62%	9,047,141	5.65%
Kairos Investment Management S.p.A.	8,072,043	5.01%	8,072,043	5.01%	8,072,043	5.04%
ECIP Europcar Sarl (5)	7,017,713	4.36%	7,017,713	4.36%	7,017,713	4.38%
Executives and employees	2,399,423 (2)	1.49%	2,398,122	1.49%	2,398,122	1.50%
Free float	84,699,073	52.60%	84,725,258	52.60%	84,725,258	52.88%
Treasury shares	834,750	0.52%	834,750	0.52%	-	0.00%
TOTAL	**161,030,883**	**100%**	**161,056,033**	**100%**	**160,221,283**	**100%**
At Dec. 31, 2016						
Eurazeo SA	60,545,072 (1)	42.22%	60,544,838	42.22%	60,544,838	42.41%
ECIP Europcar Sarl	9,036,469	6.30%	9,036,469	6.30%	9,036,469	6.33%
Morgan Stanley	7,400,955	5.16%	7,400,955	5.16%	7,400,955	5.18%
Executives and employees	170,619 (3)	0.12%	162,767	0.11%	162,767	0.11%
Free float	65,629,343	45.76%	65,629,343	45.77%	65,629,343	45.97%
Treasury shares	626,840	0.44%	626,840	0.44%	-	0.00%
TOTAL	**143,409,298**	**100%**	**143,401,212**	**100%**	**142,774,372**	**100%**
As at Dec. 31, 2015						
Eurazeo SA	60,544,838	42.29%	60,544,838	42.34%	60,544,838	42.34%
ECIP Europcar Sarl	9,036,469	6.31%	9,036,469	6.32%	9,036,469	6.32%
Morgan Stanley	7,228,551	5.05%	7,228,551	5.05%	7,228,551	5.05%
Executives and employees	210,985 (4)	0.15%	55,465	0.04%	55,465	0.04%
Free float	66,133,173	46.20%	66,133,173	46.25%	66,133,173	46.25%
Treasury shares	-	-	-	-	-	-
TOTAL	**143,154,016**	**100%**	**142,998,496**	**100%**	**142,998,496**	**100%**

(1) Of which 234 Class D preferred shares.
(2) Of which 2,519 Class C preferred shares and 2,281 Class D preferred shares held by certain current or former Group employees or executives.
(3) Of which 4,045 Class C preferred shares and 3,807 Class D preferred shares held by certain current or former Group employees or executives.
(4) Of which 55,465 ordinary shares, 147,434 Class B preferred shares, 4,045 Class C preferred shares and 4,041 Class D preferred shares held by certain current or former Group employees or executives.
(5) ECIP Europcar Sarl is a Luxembourg company whose main purpose is the holding of investment shares (Soparfi) and whose shareholders are Eurazeo Partners and Eurazeo Partners B, Luxembourg-law co-investment vehicles alongside Eurazeo.

6.4.2 Notices of threshold crossings

During fiscal year 2017, the following legal threshold crossings were declared:

Shareholder	Date of threshold crossing	N° of AMF declaration	Shares held	% of share capital and/or declared voting rights	Threshold crossing (upwards or downwards)
Morgan Stanley (France) S.A. (1)	May 24, 2017	217C1107	8,704,164	5.96%	↑
Morgan Stanley & Co. International plc (2)	May 31, 2017	217C1181	8,915,125	5.83%	↑
Eurazeo S.E.	October 2, 2017	217C2352	48,960,740	30.40%	↓
ECIP Europcar	October 2, 2017	217C2359	7,017,713	4.36%	↓
Kairos Investment Management S.p.A (3)	November 9, 2017	217C2662	8,072,043	5.01%	↑

(1) This threshold crossing was the result of a transfer of shares previously held by Morgan Stanley & Co. International plc to Morgan Stanley (France) S.A.
(2) This threshold crossing was the result of a share loan agreement set up by Morgan Stanley (France) S.A. for the benefit of Morgan Stanley & Co. International plc, involving the entire holding of Morgan Stanley (France) S.A., namely 8,915,125 shares. It should be noted that on the same date, Morgan Stanley & Co. International plc itself set up a loan agreement involving 391,079 shares that had been loaned to it for the benefit of Morgan Stanley & Co. LLC, which itself loaned all of its shares in the Company to a third party.
(3) Acting on behalf of the funds that it manages.
↑ *Threshold crossing (upwards).*
↓ *Threshold crossing (downwards).*

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6.4.3 Shareholders' voting rights

Information on voting rights are explained in Section 6.2.5 "*Shareholders' Meetings*" of this Registration Document.

6.4.4 Control of the Company

At the date of this Registration Document, Eurazeo is the Company's reference shareholder. The Company believes there is no risk that control will be exercised in an abusive manner. In this regard, at least half of the Supervisory Board is composed of independent members and at least two thirds of each of the two specialized committees, namely the Audit Committee and the Compensation and Nominations Committee, is made up of independent members, while both Committees are chaired by an independent member Supervisory Board.

At the date of this Registration Document, six of the ten members of the Supervisory Board are considered independent. Three of the four members of the Audit Committee and two of the three members of the Compensation and Nominations Committee are also considered to be independent.

At December 31, 2017, the Company was 30.40% held by Eurazeo, with the balance of the share capital being held by Morgan Stanley with 5.62%, Kairos Investment Management S.p.A. with 5.01%, ECIP Europcar Sarl with 4.36% and 1.49% by the employees and executives of the Group, and 52.60% by the public.

For matters concerning the absence of conflicts of interest see Section 5.1.3.3 *"No conflicts of interest"* in this Registration Document.

6.4.5 Shareholders' agreements

6.4.5.1 Agreements concerning Europcar securities declared to the AMF

Pursuant to Article L. 233-11 of the French Commercial Code, the AMF has made public the shareholders' agreement signed on July 31, 2015 between Eurazeo and ECIP Europcar (Decision and Information No. 215C1243). This agreement bears on the possible sale of their respective investments in the Company.

The main provisions of the agreement are as follows:

- **absence of action in concert:** the parties have declared that they do not intend to act in concert with each other with regard to the Company within the meaning of Article L. 233-10 of the French Commercial Code;
- **transfer of securities:** the agreement provides that in case of sale of all or part of the interest held by Eurazeo and ECIP Europcar in the capital of the Company, Eurazeo and ECIP Europcar will sell their respective investments in the Company concurrently on the same legal and financial terms. In case of partial sale, the number of shares of the Company sold respectively by Eurazeo and ECIP Europcar will be determined in proportion to their respective investments in the Company before the partial sale in question;
- **term of the agreement:** the agreement provides that it will last as long as each party holds shares in the Company. Either party may terminate the shareholders' agreement by written notification to the other party at least three months before the effective date of termination.

6.4.5.2 Agreements entered into by shareholders

Investment Agreement

In conjunction with the issuance by the Company of Class C and Class D preferred shares (the "C Shares" and the "D Shares") on May 7, 2015 Eurazeo concluded an agreement with a number of Group executives and employees on the Executive Committee (the "C managers") relating to the subscription by the C managers of C Shares and by Eurazeo of D shares (the *"Investment Agreement"*).

The D Shares were subject to a promise by Eurazeo to sell them in favor of C Managers and an obligation imposed on C Managers to purchase them from Eurazeo in the event of the signing of a security agreement relating to the IPO. The D Shares were sold by Eurazeo to the C Managers following the signing of a security agreement as part of the IPO.

The main provisions of this agreement remain in force since the IPO and are summarized below.

In accordance with this agreement, the Class C preferred shares and Class D preferred shares held by the C Managers may not be sold, subject to certain exceptions, such as, in particular, the sale to Eurazeo in the event of certain departures by C Managers in the two years following the effective date of the agreement. The provisions with respect to the sale of shares to Eurazeo will terminate once Eurazeo no longer holds any shares of the Company. In accordance with these provisions, following the departure of one of the C Managers, in June 2016 Eurazeo bought back 234 D shares held by the latter.

The parties also undertook to ensure that decisions subject to prior authorization by the Supervisory Board under the bylaws are not adopted without the Board's prior authorization.

The *Investment Agreement* has a term of ten years and will terminate (i) in the event of a successful public offering for all of the Company's share capital following a transfer by Eurazeo of its ordinary shares to a third party or (ii) in the event that Eurazeo tenders its ordinary shares of the Company to a public offering.

In accordance with applicable law, prior to the Annual General Meeting of February 24, 2015 that authorized the issuance of the Class C preferred shares and the Class D preferred shares, special Statutory Auditors' reports and a report by a contribution auditor (*commissaire aux apports*) in charge of assessing special benefits were prepared.

6.4.6 Agreements likely to lead to a change of control

As of the date of this Registration Document, to the Company's knowledge, there are no agreements whose enforcement could lead to a change of control at a later date.

6.5 PROFIT-SHARING AGREEMENTS AND INCENTIVE PLANS – EMPLOYEE SHAREHOLDING

For more information on profit-sharing and on stock options held by members of the Management Board and Supervisory Board and by certain Group employees, see Section 5.3 *"Compensation and Benefits of any kind received by corporate officers"* and Section 6.3 *"Share Capital"* in this Registration Document.

As of December 31, 2017, employees of the Company and its related entities held a total of 2,348,572 ordinary shares, 1,991Class C preferred shares, and 1,753 Class D preferred shares, representing 1.46% of the share capital.

6.5.1 Profit-sharing agreements

Pursuant to Article L. 3322-2 of the French Labor Code, profit-sharing agreements are mandatory in companies with 50 or more employees and having taxable profits of greater than a 5% return on shareholders' equity.

Europcar International S.A.S.U. and Europcar France, which have more than 50 employees each, have their own profit-sharing agreements. Each agreement covers all employees having been with either company for more than three months.

The equation set forth in the French Labor Code is used to calculate the special profit-sharing reserve for each agreement.

6.5.2 Company savings plans and similar plans

Pursuant to Articles L. 3323-2 and L. 3323-3 of the French Labor Code, companies with profit-sharing agreements are also required to maintain a company savings plan. A company or group savings plan is a collective savings scheme offering employees of the member companies the ability, with the help of their employer, to build an investment portfolio. In particular, it can receive amounts from a profit-sharing agreement or incentive plan as well as voluntary contributions. Amounts invested in a company savings plan cannot be withdrawn for five years except in the early withdrawal cases provided for by law.

The Company is part of a group savings plan with Europcar International S.A.S.U. while Europcar France has its own company savings plan.

In accordance with Article 3332-25 of the French Labor Code, investors have the right to liquidate the assets available in the plan in order to exercise options on shares granted pursuant to Articles L. 225-177 or L. 225-179 of the French Commercial Code. The shares thus subscribed for or purchased by the investor are then paid into the savings plan and only become available five years after this payment.

6.5.3 Incentive plans

The incentive plan is an optional scheme whose purpose is to enable a company to give employees a collective interest in the Company's results or performance through immediately payable bonuses pursuant to Article 3312-1 of the French Labor Code defined by means of a random equation contingent on the Company's results or performance.

As such, the Group has incentive plans with the majority of its French entities.

6.5.4 Employee shareholdings

In 2016, the Group launched the ESOP 2017 Plan, its first international share offer reserved for employees of the Company and Group subsidiaries wholly owned either directly or indirectly by the Company, who are members of Europcar's Group Employee Savings Plan (the "GESP") and the International Group Employee Savings Plan ("IGESP") and whose registered offices are in Australia, Belgium, France, Germany, Spain, Italy, New Zealand, Portugal, the USA and the UK.

The shares held by Group employees represented 1.46% of the Company's share capital at December 31, 2017.

6.6 ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC TAKEOVER BID

The disclosures required pursuant to Article L. 225-37-5 of the French Commercial Code are contained in Sections 6.3 "*Share capital*" (concerning the capital structure), 6.4.5.1 "*Agreements concerning Europcar securities declared to the AMF*" (on clauses in agreements notified to the Company pursuant to Article 233-11 of the French Commercial Code), 6.4.2 "*Notices of threshold crossings*" (relating to investments reported under Article 233-7 the French Commercial Code), 6.4.5.2 "*Agreements entered into by shareholders*" (concerning shareholder agreements resulting in restrictions on the transfer of shares), 6.2.2.1 "*Management Board*" and 6.2.2.2 "*Supervisory Board*" (on the rules governing the appointment and replacement of Executive Board and Supervisory Board members and amendments to the bylaws of Europcar Groupe), 6.3.5.1 "*Table of currently valid delegations on the date of this Registration Document, concerning increases in share capital and utilization as at December 31, 2017*" and 6.3.8 "*Share buy-back agreement*" (concerning the purchase by Europcar Groupe S.A. of its own shares), 6.4.5.2 "*Agreements entered into by shareholders*" (concerning agreements ending in the event of a change of control) and 5.3.1.8 "*Compensation in the event of forced termination of office*" (concerning the indemnities in the event of termination of office for members of the Management Board) of this 2017 Registration Document.

This Registration Document is available on the AMF website (www.amf-france.org) and on the Europcar website (http://investors.europcar-group.com).

6.7 DIVIDEND DISTRIBUTION POLICY

6.7.1 Dividend distribution policy

In accordance with the law and the Company's bylaws, the Company's shareholders may at their Shareholders' Meeting, upon the recommendation of the Management Board and the prior approval of the Supervisory Board, authorize the distribution of dividends in respect of the year just ended, or a distribution by withdrawal from the Company's share premium.

The Company did not distribute any dividends for the year ended December 31, 2014 and December 31, 2015.

For the fiscal year ended December 31, 2016, the General Meeting of May 10, 2017 voted in favor of a one-off cash distribution in the total amount of €59,365,633. The right to this special distribution was allocated on May 29, 2017 and was paid exclusively in cash on May 31, 2017.

The Company will put to the vote of the Annual General Meeting on May 17, 2018, a dividend to be paid to its shareholders against the share premium representing 40% of its consolidated net profit for 2017. Future dividends will depend in particular on the Group's overall financial position as well as any other factor considered relevant by the Management and Supervisory Boards.

The Company's future dividend distribution policy will take into account the Company's results, its financial position, the achievement of its objectives set forth in Section 3.8 "*Information on medium-term trends and* *objectives"* of this Registration Document, and the restrictions applicable to the distribution of dividends under the Group's various debt instruments, which are summarized in Section 6.7.2 "*Restrictions on dividend payments"* below.

A payout ratio exceeding 30% of consolidated net profit is envisaged for the fiscal year 2018 (see Section 3.7 *"Outlook for fiscal year 2018"* of this Registration Document).

6.7.2 Restrictions on dividend payments

The restrictions on dividends and reserves under the Company's principal debt instruments are set out below. For more information on the Group's debt instruments, see Section 3.2.3 "*Description of financing as of December 31, 2017"* of this Registration Document.

2022 Subordinated Notes

With the exception of the possible distribution of dividends between restricted subsidiaries, the documentation applicable to 2022 Subordinated Notes limits the distribution of dividends or other forms of distribution by the Company and its restricted subsidiaries. Payment of dividends and other forms of distribution are authorized as summarized below.

The documentation applicable to 2022 Subordinated Notes permits the payment of dividends by the Company and restricted subsidiaries so long as no default or default event has occurred or might occur as a result of such payment and so long as the Company is able to incur at least €1.00 of additional indebtedness in compliance with the limitation on additional indebtedness (according to which new indebtedness may be incurred if, after giving effect thereto on *a pro* forma basis, the corporate consolidated fixed charge coverage ratio as defined in the terms of the 2022 Subordinated Notes is greater than 2.0) and the aggregate amount of the proposed dividend (together with other restricted payments) paid subsequent to the issue date of such Notes does not exceed the following aggregate amount (without duplication):

(a) 50% of consolidated net income for the period (treated as one accounting period) from April 1, 2015 to the end of the most recent fiscal quarter ending prior to the date of such payment for which financial statements are available (or, in case such consolidated net income is a deficit, minus 100% of such deficit); plus

(b) 100% of the aggregate net cash proceeds and the fair market value of property or assets received by the Company from the issue or sale of its qualified share capital or other capital contributions, after the completion date (other than certain exceptions); plus

(c) certain other amounts relating to the conversion of certain debt securities into stock and other amounts.

In addition, following the listing of the Company's shares on Euronext Paris, the documentation applicable to the 2022 Subordinated Notes permits the payment of dividends by the Company, so long as no default or default event has occurred, is occurring or might occur as a result, in an annual amount up to the higher of:

(a) 6% of the aggregate gross cash proceeds received by the Company in or from such public offering; and

(b) (i) 5% of the market capitalization of the Company (on the basis of the arithmetic average of the closing price of the Company's shares in the 30 consecutive trading days preceding the dividend declaration date) provided that, after having given effect to the dividend payment on a *pro forma* basis, the consolidated corporate financial leverage ratio of the Company (as defined in the terms and conditions of the 2022 Subordinated Notes) is less than 3.0:1.0; or (ii) 3% of the market capitalization of the Company provided that, after having given effect to the dividend payment on *pro forma* basis the, consolidated corporate financial leverage ratio of the Company (as defined in the terms and conditions of the Notes) is greater than or equal to 3.0:1.0 but less than 3.5:1.0.

2024 Subordinated Notes

With the exception of the possible distribution of dividends between restricted subsidiaries, the documentation applicable to 2024 Subordinated Notes limits the distribution of dividends or other forms of distribution by the Company and its restricted subsidiaries. Payment of dividends and other forms of distribution are authorized as summarized below.

The documentation applicable to 2024 Subordinated Notes authorizes the payment of dividends by the Company and restricted subsidiaries so long as no default or default event has occurred or might occur as a result of such payment and so long as the Company is able to incur at least €1.00 of additional indebtedness in compliance with the limitation on additional indebtedness (according to which new indebtedness may be incurred if, after giving effect thereto on *a pro forma* basis, the corporate consolidated fixed expense coverage ratio as defined in the terms of the 2024 Subordinated Notes is greater than 2.0:1.0; and the aggregate amount of the proposed dividend (together with other restricted payments) paid subsequent to the issue date of such Notes does not exceed the following aggregate amount (without duplication):

(a) 50% of consolidated net income for the period (treated as one accounting period) from January 1, 2017 to the end of the most recent fiscal half ending prior to the date of such payment for which financial statements are available (or, in case such consolidated net income is a deficit, minus 100% of such deficit); plus

(b) 100% of the aggregate net cash proceeds and the fair market value of property or assets received by the Company from the issue or sale of its qualified share capital or other capital contributions, after the completion date (other than certain exceptions); plus

(c) certain other amounts relating to the conversion of certain debt securities into stock and other amounts.

Furthermore, the documentation applicable to 2024 Subordinated Notes permits the payment of dividends by the Company so long as no default or default event has occurred or might occur as a result of such payment that may not exceed an annual total of more than the highest of either:

(a) 6% of the aggregate gross cash proceeds received by the Company in or from such public offering of equity securities(other than certain exceptions); and

(b) (a) 7% of the Company's market capitalization (based on the arithmetic mean of the closing prices of the Company's share in the 30 consecutive trading days preceding the declaration of the dividend by no more than 7 days) provided that, after having given effect to the dividend payment on a pro forma basis, the Company's consolidated financial leverage ratio (as defined in the terms of the 2024 Subordinated Notes) is less than 3.0:1.0; or (b) 5% of the Company's market capitalization provided that, after having given effect to the dividend payment on a pro forma basis, the Company's consolidated leverage ratio (as defined in the indenture) is greater than or equal to 3.0:1.0 but less than 3.5:1.0.

EC Finance Notes

With the exception of possible distributions of dividends between restricted subsidiaries, the documentation applicable to EC Finance Notes limits the distribution of dividends by the Company and its restricted subsidiaries. Payment of dividends is authorized as summarized below.

The documentation for the EC Finance Notes authorizes the payment of dividends by the Company and its restricted subsidiaries so long as no default or default event has occurred or might occur as a result of such payment and so long as the Company is able to incur at least €1.0 of additional indebtedness in compliance with the limitation on additional indebtedness (according to which the Company may incur additional indebtedness when, on a *pro forma* basis, the consolidated fixed charge coverage ratio of the Company (as defined in the terms and conditions of the EC Finance Notes is greater than 2.0:1.0) and the aggregate amount of the proposed dividend (together with other restricted payments) paid subsequent to the issue date of these EC Finance Notes does not exceed the following aggregate amount (without duplication):

(a) 50% of consolidated net income of the Company for the period (treated as one accounting period) from January 1, 2017 to the end of the most recent fiscal half ending prior to the date of such payment for which financial statements are available (or, in case such consolidated net income is a deficit, minus 100% of such deficit); plus

(b) 100% of the aggregate net cash proceeds and the fair market value of property or assets received by the Company from the issue or sale of its qualified share capital or other capital contributions, after the completion date (other than certain exceptions); plus

(c) certain other amounts relating to the conversion of certain debt securities into stock and other amounts.

Furthermore, the documentation applicable to EC Finance Notes authorizes the payment of dividends by the Company so long as no default or default event has occurred or might occur as a result of such payment that may not exceed an annual total of more than the highest of either:

(a) 6% of the aggregate gross cash proceeds received by the Company in or from such public offering of equity securities (other than certain exceptions); and

(b) (a) 7% of the Company's market capitalization (based on the arithmetic mean of the closing prices of the Company's share in the 30 consecutive trading days preceding the declaration of the dividend by no more than 7 days) provided that, after having given effect to the dividend payment on a pro forma basis, the Company's consolidated financial leverage ratio (as defined in the terms of the EC Finance Notes) is less than 3.0:1.0; or (b) 5% of the Company's market capitalization provided that, after having given effect to the dividend payment on a *pro forma* basis, the Company's consolidated leverage ratio is greater than or equal to 3.0:1.0 but less than 3.5:1.0.

6.8 MARKET FOR THE SHARE

6.8.1 Market where Europcar Groupe shares are traded

Europcar Groupe shares are listed on Euronext - compartment A of the Euronext Paris regulated market.

Europcar Groupe share fact sheet

- ISIN code: FR0012789949.
- Listings: continuous trading on Euronext – Compartment A of the Euronext Paris regulated market.
- Other listings: none.
- Nominal value: €1.00.
- Securities outstanding at December 31, 2017: 161,022,797
- Share price at December 31, 2017: €10.25.
- Market capitalization at December 31, 2017: €1,650,483,669.

6.8.2 Trading volumes and share price in 2017

Source: Bloomberg

Share price *In euros*	**2017** High	**2017** Low	**2017** 12/31/2016	**2016** High	**2016** Low	**2016** 12/31/2015	**% change 2017/2016 for the last share price of the year**
Share	13.305	9.126	10.25	12.165	6.875	9,634	6.4%
CAC 40 Index	5,517.97	4,748.90	5,312.56	4,862.31	3,896.71	4,862.31	9.3%

	2017 TOTAL	**2017** Daily average	**2016** TOTAL	**2016** Daily average
In number of shares	71,027,221	278,538	61,439,658	239,065
In capital *(In millions of euros)*	807.34	3.17	535.39	2.08

06

ADDITIONAL INFORMATION

7.1 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

7.1.1 Name and position of the person responsible for the Registration Document

Caroline Parot, Company's Chairwoman of the Management Board.

7.1.2 Statement by the person responsible for the Registration Document including the annual financial report

I hereby certify, having taken all reasonable measures to this effect, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission liable to affect its import. I certify that, to the best of my knowledge, the financial statements were prepared in accordance with applicable accounting standards and that they give a fair view of the assets, financial position and results of the Company and of all companies included in the consolidation, and that the items of the management report contained in this Registration Document, and listed in the concordance table in Section 7.7 of this Registration Document, provides a faithful picture of the development of the business, results and financial position of the Company and all companies included in the consolidation, as well as a description of the principal risks and uncertainties they face.

I have obtained from the Statutory Auditors a work completion letter stating that they have verified the information concerning the financial position and the financial statements contained in this Registration Document, and that they have read the entire Registration Document.

Caroline Parot, Chairwoman of the Management Board

7.1.3 Name and position of the person responsible for the financial information

Luc Peligry
Chief Financial Officer
2 rue René Caudron, Bâtiment OP, 78960 Voisins-le-Bretonneux, France

E-mail: investor.relations@europcar.com
Tel: +33 1 30 44 98 98
http://investors.europcar-group.com

7.1.4 Persons responsible for auditing the financial statements

7.1.4.1 Statutory Auditors

	Start date of 1st term	Date of renewal of last term of office	Term (expiry) of current term of office
PricewaterhouseCoopers Audit (member of the Compagnie Régionale des Commissaires aux Comptes de Versailles) Represented by François Jaumain 63 rue de Villiers, 92200 Neuilly-sur-Seine	March 9, 2006	June 8, 2012	At the end of the Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2017 (1)
Mazars (member of the Compagnie Régionale des Commissaires aux Comptes de Versailles) Represented by Isabelle Massa 61 rue Henri Regnault, 92400 Courbevoie	May 16, 2013	N/A	At the end of the Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2018.

(1) The Company will propose at the Annual General Meeting of May 17, 2018, the renewal, for six years, of the term of office of PricewaterhouseCoopers Audit as Statutory Auditors.

7.1.4.2 Alternate Statutory Auditors

	Start date of 1st term	Date of renewal of last term of office	Term (expiry) of current term of office
Yves Nicolas (member of the Compagnie Régionale des Commissaires aux Comptes de Versailles) 63 rue de Villiers, 92200 Neuilly-sur-Seine	June 8, 2012	N/A	At the end of the Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2017
Gilles Rainaut (member of the Compagnie Régionale des Commissaires aux Comptes de Versailles) 61 rue Henri Regnault, 92400 Courbevoie	May 16, 2013	N/A	At the end of the Annual General Meeting called to approve the financial statements for the fiscal year ended December 31, 2018.

7.2 RELATED PARTY TRANSACTIONS

7.2.1 Guarantee

The Company has granted its subsidiaries a joint and several surety for the benefit of a group of lenders (including Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG and Société Général) to guarantee the payment of sums under Group entity borrowing arrangements (the Company, Europcar International S.A.S.U., Europcar Holding S.A.S., Europcar Autovermietung GmbH, Europcar International S.A.S.U. & Co. OHG, Europcar France S.A.S., Europcar S.A. and Europcar IB, S.A.) under the terms of Clause 22.1 of the *Senior Revolving Facility Agreement* entered into on July 13, 2017 between the group of lenders, the borrowing Group entities and the guarantors (*i.e.* the borrowing Group entities together with Europcar UK Ltd. and Europcar Italia S.p.A.); it is stipulated that for as long as the Group is unable, under the terms of the indenture of the EC Finance Notes, to obtain RCF Advances and/or RCF Letters of Credit for an amount greater than or equal to €500 million, the amount guaranteed by ECI and its subsidiaries may not exceed €400 million.

See Section 3.2 "*The Group's liquidity and capital resources*" in this Registration Document for information on the guarantees and securities granted by Group entities in connection with the Group's financing.

7.2.2 Cash Pooling Agreement

On April 27, 2011, the Company (as a centralized company) entered into a cash management agreement with its indirect subsidiary Europcar Holding (as a centralizing company) and certain other group entities as centralized companies (Europcar International S.A.S.U., Europcar France S.A.S., Europhall S.A.S., Locaroise S.A.S., Europcar Participations S.A.S., Europcar S.A., Europcar Autovermietung GmbH, Europcar Italia S.p.A., Europcar Internacional Aluguer de Automoveis S.A., Europcar Services, Unipessoal Lda , Europcar IB S.A., Europcar UK Ltd., Europcar Group UK Ltd., PremierFirst Vehicle Rental Franchising Limited, Executive Trust Limited, Europcar Lab S.A.S. Executive Trust Limited, LorRent S.A.S., Buchbinder Holding GmbH, Charterline Fuhrpark Service GmbH, Car Partner Leasing GmbH, LC EC Participations Investments S.L.U., Car Rentals TopCo S.L.U., Car Rentals ParentCo S.A.U., Car Rentals Subsidiary S.A.U. and Goldcar Spain S.L.U.) in order to optimize cash management (shortages and surpluses) within Group companies and to be able to negotiate optimal banking terms.

7.2.3 Loan Agreement

The Company and Europcar International S.A.S.U. are parties to a loan of €144,122,000. This loan was initially granted by the Company to Europcar Holding S.A.S., a subsidiary of Europcar International S.A.S.U., for the acquisition of operating companies in the United Kingdom. In connection with the recapitalization of Europcar Holding S.A.S. in 2014, the Company transferred the loan to Europcar International S.A.S.U. Since the loan transfer, Europcar International S.A.S.U. owes this amount to the Company.

7.2.4 Tax Agreements

Since July 1, 2006, the Company and its direct and indirect French subsidiaries of which it holds more than 95% have formed a tax consolidation group. The Company created the Group by entering into tax consolidation agreements with each of the member companies to govern the subsidiaries' contribution to the tax consolidation group's taxes, of which the Company is the sole taxpayer in its capacity as the parent company. The ending of the tax consolidation agreement between the Company and the companies Europcar International S.A.S.U., Europcar Holding S.A.S., Europcar Lab S.A.S, Europcar Participations S.A.S., Europcar France S.A.S., EuropHall SAS, and Parcoto Services S.A.S, EC3 S.A.S.U., EC4 S.A.S.U. and Locaroise S.A.S. was decided by the Supervisory Board on February 24, 2016, to the extent that this agreement is concluded between the Company and its wholly-owned subsidiaries, whether directly or indirectly, in accordance with the provisions of Article L. 225-87 of the French Commercial Code.

Since 2010, the Group has also maintained a second tax consolidation group in France, of which the parent company is Securitifleet Holding S.A. This tax consolidation group includes two other French companies (Securitifleet S.A.S. and SF Location S.A.S.).

7.2.5 General Services Agreement signed by the Company

On September 28, 2006, the Company and Europcar International S.A.S.U. entered into a services agreement pursuant to which the Company provides Europcar International S.A.S.U. with its know-how regarding fleet organization, sales, marketing, communications, Human Resources management, accounting, finance, operations and legal services. In consideration of these services, Europcar International S.A.S.U. pays monthly compensation to the Company calculated using the cost-plus method. Under the terms of this agreement, management fees of € 1,860,363.66 were billed for 2017. This agreement is automatically renewable each year, with a three months' prior notice period before each renewal date.

The Company acquired the InterRent® trademark from Europcar International S.A.S.U. for an amount of €3,500,000 (excluding taxes) and receives, in this respect, a royalty from Europcar International S.A.S.U. of 1% for the trademark's concession.

7.2.6 Agreements signed by Europcar International S.A.S.U.

Europcar International S.A.S.U. entered into license agreements for the Europcar trademark ®with the Group's operating companies in 2001 and with the Australian and New Zealand subsidiaries in 2009. In 2013, Europcar International S.A.S.U. entered into license agreements for the InterRent® trademark with the operating entities using that trademark (in the United Kingdom, Spain, Portugal, France and Germany), under which Europcar International S.A.S.U. receives royalties based on a percentage of the operating entities' revenues (2.75% for the Europcar® trademark and 1% for the InterRent® trademark). The operating entities have the right to sub-license the trademarks with Europcar International S.A.S.U.'s approval. The license agreement relating to the Europcar® trademark has a term of five years, with automatic renewal each year. The license agreement relating to the InterRent® trademark has a term of two years, renewable automatically for further one-year periods.

Europcar International S.A.S.U. has also entered into international franchise agreements in 133 countries and territories, for which payment consists of trademark royalties in varying amounts depending on the franchisee and the services rendered.

In 2011, Europcar International S.A.S.U. entered into General Services Agreements with each of the main operating entities. The services rendered relate in particular to senior management, finance, Human Resources, legal, sales and marketing, fleet management, procurement and customer service. In consideration of these services, the operating entities pay monthly compensation to Europcar International S.A.S.U. calculated using the cost-plus method (as defined in the OECD guidelines). Amendments to these contracts have been entered into to take into account the changes since 2011 in the departments and services that make up Europcar International S.A.S.U.

Europcar International S.A.S.U. entered into a service agreement dated May 19, 2014 with Europcar Services, Unipessoal, Lda through which the shared services center located in Portugal bills to Europcar International S.A.S.U. its costs calculated using the cost-plus method (as defined in the OECD guidelines).

Europcar International S.A.S.U. entered into an IT services agreement with the operating companies, applicable since November 1, 2014. In consideration of these services, the operating entities pay monthly compensation to Europcar International S.A.S.U. calculated using the cost-plus method (as defined in the OECD guidelines). Prior to November 1, 2014, information services were provided by the Europcar Information Services European Economic Interest Grouping (the "EEIG"). The operating entities contributed a percentage of their revenues and in return had access to various services rendered by the EEIG. The EEIG was converted into a general partnership (*société en nom collectif*) in November 2014 and then merged with Europcar International S.A.S.U. through a complete transfer of assets and liabilities as of January 2, 2015.

In 2017, Europcar International S.A.S.U. entered into a services agreement with each of Europcar Participations S.A.S. and Europcar International S.A.S.U. und Co. OHG, which will allow them to invoice Europcar International S.A.S.U. for the cost of expertise on a cost plus basis (as defined in the OECD principles).

For a description of transactions with companies over which the Company has significant influence, see Note 34 "*Related Parties*" to the Group's consolidated financial statements included in Section 3.4 *"Consolidated financial statements and Statutory Auditors' report for fiscal year ended December 31, 2017*" of this Registration Document.

7.2.7 Agreements signed with the Company's corporate officers

During the fiscal year 2017, on March 13, 2017, the Supervisory Board authorized the signing of a special assistance agreement with Mr. Pascal Bazin. In the end, the agreement was not entered into and implemented during the period as ackowledged by the Supervisory Board during its meetings held on December 15, 2017 and February 28, 2018.

The agreements listed below and described in Section 7.4 "*Statutory Auditors' special report on related party agreements and regulated commitments*" of this Registration Document, were authorized by the Supervisory Board during previous fiscal years and had already been approved by the Shareholders' Meeting:

- tax consolidation agreement entered into between the Company and Europcar International S.A.S.U., Europcar Holding S.A.S., Europcar Lab S.A.S., Europcar Participations S.A.S., Europcar France S.A.S., EuropHall S.A.S., Parcoto Services S.A.S.;
- protocol agreement between Mr. Philippe Germond and the Company as authorized by the Supervisory Board dated November 23, 2016 and entered into on November 25,

2016 following the termination of his duties as Chairman of the Management Board and resulting from the signature of the Term Sheet in his mandate agreement dated September 8, 2014;

- mandate agreement for Ms. Caroline Parot, authorized by the Supervisory Board on December 15, 2016 and entered into on December 22, 2016 between the Company and Ms. Caroline Parot in her capacity as Chairwoman of the Management Board. Compensation payable to Ms. Caroline Parot in the event of dismissal, relating to termination of office and under a non-compete clause, is described more fully in Sections 5.3.1.8 "*Compensation in the event of forced termination of office*" and 5.3.1.9 "*Compensation under a non-compete clause*" of this Registration Document;
- commitments made by the Supervisory Board meeting of July 22, 2016 in favor of Mr. Kenneth McCall. For further information on compensation due in the event that a non-compete clause is put into effect, see Section 5.3.1.9 "*Compensation under a non-compete clause*" of this Registration Document;
- commitments made by the Supervisory Board meeting of July 22, 2016 in favor of Mr. Fabrizio Ruggiero. For further information on compensation due in the event that a non-compete clause is put into effect, see Section 5.3.1.9 "*Compensation under a non-compete clause*" of this Registration Document;
- Mr. Pascal Bazin's compensation in respect of his special assignment, as authorized by the Supervisory Board on February 24, 2016.
- For further information on these agreements see Section 7.4 "*Statutory Auditors' special report on related party agreements and regulated commitments.*"

7.3 IMPORTANT CONTRACTS

The following significant contracts are described in Section 3.2.3.1 "*Corporate Debt*" and Section 3.2.3.2 "*Debt related to fleet financing*" of this Registration Document:

- debt issue agreement (*indenture*) for corporate bonds dated June 10, 2015;
- Senior Revolving Facility Agreement (RCF) dated July 13, 2017;
- debt issue agreement (*indenture*) for corporate bonds dated November 2, 2017;
- debt issue agreement (indenture) for bonds concerning the fleet dated November 2, 2017; and
- Asset Backed Financing Facility Agreement backed by the assets of the Goldcar fleet dated December 19, 2017.

7.4 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND REGULATED COMMITMENTS

This is a free English translation of the Statutory auditors' special report on related party agreements and regulated commitments issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby report on related party agreements and commitments.

We are required to inform you, based on the information we have been given, of the terms and conditions of those agreements and commitments indicated to us, or that we may have discovered during our assignment. We are not required to comment on whether they are beneficial or appropriate or to ascertain if any other agreements and commitments exist. It is your responsibility, in accordance with the terms of Article R. 225-58 of the French Commercial Code, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you, in accordance with Article R. 225-58 of the French Commercial Code, of any agreements and commitments previously approved by the Shareholders' Meeting which were executed during the year.

We have performed the procedures that we deemed necessary to comply with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information we were given was consistent with the underlying documentation.

Agreements and commitments submitted for approval by the Shareholders' Meeting

We inform you that we have not been given notice of any agreement or commitment authorized and concluded during the fiscal year under review to be submitted to the Shareholders' Meeting for approval in accordance with the provisions of Article L. 225-86 of the French Commercial Code.

Agreements and commitments previously approved by the Shareholders' Meeting

a) Which were executed during the fiscal year

In accordance with R. 225-57 of the French Commercial Code, we were informed that the following agreements and commitments, previously approved by the Shareholders' Meeting in previous years, were executed during the fiscal year.

Severance and non-compete compensation due to Mr. Philippe Germond

- **Person concerned:** Mr. Philippe Germond, Chairman of the Management Board (until November 23, 2016).
- **Nature and purpose:** compensation due to Mr. Philippe Germond following the termination of his functions as Chairman of the Management Board and resulting from application of the Term Sheet associated with the agreement with Mr. Germond dated September 8, 2014 and mentioned in the second part of our report.
- **Conditions:** at its meeting on November 23, 2016, and following the recommendation by the Compensation and Nominations Committee made on November 22, 2016, the Supervisory Board determined as follows the amount of compensation payable to Mr. Philippe Germond following the cessation of his functions:
  - severance payment: €1,100,000, or the equivalent of 15.65 months of fixed and variable compensation calculated on the basis of the remuneration received by Mr. Philippe Germond during the 12 months preceding his effective departure, paid on December 5, 2016; the quantum of 15.65 months was based on 92.17% of achievement, assessed for the 12 months ended October 31, 2016, of the three quantitative objectives conditioning the amount of compensation due under the applicable Term Sheet clause;

- non-compete compensation: €210,725 or the equivalent of three months of fixed and variable compensation calculated on the basis of the remuneration received by Mr. Philippe Germond during the 12 months preceding his effective departure and payable in two installments:
  - a payment of €105,363 on May 23, 2017, and
  - a payment of €105,362 on November 23, 2017.
- **Benefit for the Company:** at its meeting on November 23, 2016 the Supervisory Board confirmed that, in accordance with the provisions of Article L. 225-86 of the French Commercial Code and as proposed by the Compensation and Nominations Committee, severance and non-compete payments are in the Company's interest inasmuch as they preclude any subsequent litigation with regard to the termination of the functions of Mr. Philippe Germond, the overall cost of which would be liable to be significantly in excess of the cost of an amicable settlement.

Mandate agreement with Ms. Caroline Parot

- **Person concerned:** Ms. Caroline Parot, Chairwoman of the Management Board since November 23, 2016.
- **Nature and purpose:** mandate agreement authorized by the Supervisory Board at its meeting of December 15, 2016 and signed on December 22, 2016 between the Company and Ms. Caroline Parot in her capacity as Chairwoman of the Management Board.
- **Conditions:** the amount of severance pay in the event of revocation up to and including December 31, 2017 will be calculated on a lump-sum basis and equal to Ms. Caroline Parot's fixed annual compensation, since quantitative objectives for 2017 cannot be measured for the period in the event of departure up to and including December 31, 2017.

  In the event of revocation on or after January 1, 2018, the amount of severance pay will be:

  - nil if at least 95% of the objectives for the collective criteria applicable (on a weighted basis) to variable compensation have not been attained;
  - equal to 6 months' salary (as defined in the mandate agreement) if at least 95.01% of the objectives for the collective criteria applicable (on a weighted basis) to variable compensation have been attained;
  - equal to 12 months' salary if at least 100% of the objectives for the collective criteria applicable (on a weighted basis) to variable compensation have been attained;
  - equal to 18 months' salary if at least 110% of the objectives for the collective criteria applicable (on a weighted basis) to variable compensation have been attained;
  - and calculated by linear interpolation for performances situated between the limits of 95%, 100% and 110%.

  The amount of non-compete compensation will be equal to 50% of Ms. Caroline Parot's annual compensation as defined in the mandate agreement.

  No amount of severance or non-compete compensation was paid to Ms. Caroline Parot during the period.
- **Benefit for the Company:** at its meeting on December 15, 2016 the Supervisory Board confirmed that, in accordance with the provisions of Article L. 225-86 of the French Commercial Code and as proposed by the Compensation and Nominations Committee, severance and non-compete payments fall under the Company's general compensation policy and are in its interest, particularly with regard to Ms. Caroline Parot's role as Chairwoman of the Management Board.

Commitments made to Mr. Kenneth McCall

- **Person concerned:** Mr. Kenneth McCall, Member of the Management Board – Chief Operating and Country Officer.
- **Nature and purpose:** non-compete compensation authorized by the Supervisory Board at its meeting of March 9, 2015, prior to the admission of the Company's shares to trading on Euronext Paris, and further authorized by the Supervisory Board under regulated commitments pursuant to Article L. 225-90-1 of the French Commercial Code at its meeting of July 22, 2016, on the occasion of the change of functions of Mr. Kenneth McCall.
- **Conditions:** the amount of non-compete compensation, in the event of imposition of the non-compete obligation by the Supervisory Board, would be equal to 50% of Mr. McCall's fixed annual compensation.
- **Benefit for the Company:** at its meeting on July 22, 2016 the Supervisory Board confirmed that, in accordance with the provisions of Article L. 225-86 of the French Commercial Code and as proposed by the Compensation and Nominations Committee, non-compete compensation falls under the Company's general compensation policy and is in its interest, particularly with regard to Mr. McCall's role as Chief Operating and Country Officer and member of the Management Board.

Commitments made to Mr. Fabrizio Ruggiero

- **Person concerned:** Mr. Fabrizio Ruggiero, Member of the Management Board – Executive Director for Sales, Marketing, Customers and InterRent.
- **Nature and purpose:** non-compete compensation authorized by the Supervisory Board at its meeting of March 9, 2015, prior to the Company's listing with Euronext Paris, and further authorized by the Supervisory Board at its meeting of July 22, 2016, in accordance with Article L. 225-90-1 of the French Commercial Code, on the occasion of the change of functions of Mr. Fabrizio Ruggiero.
- **Conditions:** the amount of non-compete compensation, in the event of imposition of the non-compete obligation by the Supervisory Board, would be equal to 50% of Mr. Ruggiero's fixed annual compensation.
- **Benefit for the Company:** at its meeting on July 22, 2016 the Supervisory Board confirmed that, in accordance with the provisions of Article L. 225-86 of the French Commercial Code and as proposed by the Compensation and Nominations Committee, non-compete compensation falls under the Company's general compensation policy and is in its interest, particularly with regard to Mr. Ruggiero's role as Executive Director and member of the Management Board.

Compensation of Mr. Pascal Bazin

- **Person concerned:** Mr. Pascal Bazin, Vice-Chairman of the Supervisory Board.
- **Nature and purpose:** exceptional compensation allocated by the Supervisory Board to Mr. Pascal Bazin, Vice-Chairman of the Supervisory Board, within the framework of a new special assignment of providing assistance in implementing and supervising the Company's transformation plan.
- **Conditions:** annual gross compensation of €120.000. The total amounts paid amounted to €90,000 in 2016 and €30,000 in fiscal year 2017.
- **Benefit for the Company**: at its meeting on February 24, 2016 the Supervisory Board confirmed that the special mission of providing assistance in implementing and supervising the Company's transformation plan conferred on Mr. Pascal Bazin, by reason of his competencies and knowledge of the industry, is in the Company's interest and that the applicable annual gross compensation of €120,000 equates with the arm's length compensation for such a mission.

b) Which were not executed during the fiscal year

In addition, we were advised of the following agreements and commitments previously approved by the Shareholders' Meeting in previous years, which were not executed during the year.

Compensation of Mr. Pascal Bazin

- **Person concerned:** Mr. Pascal Bazin, Vice-Chairman of the Supervisory Board.
- **Nature and purpose:** Exceptional compensation allocated by the Supervisory Board to Mr. Pascal Bazin, Vice-Chairman of the Supervisory Board, within the framework of a new special assignment of providing assistance in implementing and supervising the Company's transformation plan.
- **Conditions:** gross annual compensation of €120,000 with effect from July 1, 2015. The total amounts paid amounted to €30,000 in 2015 and €30,000 in fiscal year 2016.
- **Benefit for the Company:** the Supervisory Board confirmed, at its meeting on May 20, 2015, that this special assignment to assist in the Fastrade plan entrusted to Mr. Pascal Bazin was in the interest of the Company and that the proposed compensation of €120,000 per year corresponds to standard market compensation for this type of assignment.

  The contract expired during the year.

Neuilly-sur-Seine and Paris La Défense, April 13, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	François Jaumain
Mazars	Isabelle Massa

7.5 STATUTORY AUDITORS' FEES

The fees of the Statutory Auditors are presented in Note 37 *"Group auditors' fees"* of the consolidated financial statements that are shown in Section *3.4 "Consolidated financial statements and Statutory Auditors' report for fiscal year ended December 31, 2017"* of this Registration Document.

7.6 PUBLICLY AVAILABLE DOCUMENTS

The bylaws, minutes of Shareholders' Meetings as well as other corporate documents of the Company, the reports of the Shareholders' Meetings as well as financial information and any expert valuation or statement requested by the Company and to be made available to shareholders in accordance with current regulations may be consulted at the Company's headquarters: Europcar Groupe S.A., 2 rue René Caudron, Bât. OP - 78960 Voisins-le-Bretonneux - France.

Some of these documents are also available on the Europcar Group website (http://investors.europcar-group.com).

7.7 CONCORDANCE TABLES (EUROPEAN REGULATION NO. 809/2004, ANNUAL FINANCIAL REPORT, MANAGEMENT BOARD REPORT, CONCORDANCE TABLE FOR SOCIAL, SOCIETAL AND ENVIRONMENTAL DATA)

Concordance Table with the annual financial report

The concordance table below enables the identification in this Registration Document of information contained in the annual financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the General regulations of the French Financial Markets Authority (AMF).

Subject		Chapters	Pages
1	**Statement of the natural persons who assume responsibility for the annual financial report**	**7.1**	**396**
2	**Management report**	**7.7**	**405 and 406**
3	**Financial statements and reports**		
3.1	Parent company financial statements	3.6	247 to 268
3.2	Statutory Auditors' report on the parent company financial statements	3.6	269 to 272
3.3	Consolidated financial statements	3.4	159 to 240
3.4	Statutory Auditors' report on the consolidated financial statements	3.4	241 to 244
4	**Other information**		
4.1	Declaration of the Statutory Auditors' fees	7.5	404
4.2	Supervisory Board report on Corporate governance	5.2.4	341
4.3	Statutory Auditors' report on the Supervisory Board report on Corporate Governance	3.6	270
4.4	Description of the share buy-back program	6.3.8.1	383 and 384

Concordance table with the management report

The concordance table below enables the identification in this Registration Document of information contained in the annual management report produced by the Company's Management Board as defined in Articles L. 225-100 *et seq.* of the French Commercial Code.

Subject		Chapters	Pages
1	**Information on the Company's business**		
1.1	Overview of the business (including progress made and difficulties encountered) and the results of the Company, each subsidiary and the Group	1.6 1.7 1.8 3.1 to 3.6	30 to 60 61 to 63 63 to 68 112 to 272
1.2	Analysis of changes in the business, results, the financial position and in particular, the indebtedness of the Company and the Group	3.1 to 3.6	112 to 272
1.3	Foreseeable Company and/or Group trends	3.7	273 and 274
1.4	Key financial and non-financial indicators of the Company and/or the Group	1.1 and 3.1.2.1	12, 13 and 119
1.5	Post-closing events of the Company and the Group	1.2.3 and 3.9	17 and 276
1.6	Guidance on the use of financial instruments including the financial risks and the price, credit, liquidity and cash risks of the Company and the Group	2.5	94
1.7	Principal risks and uncertainties of the Company and the Group	2.1 to 2.5	72 to 94
1.8	Research and development information of the Company and the Group	1.9	68 and 69
1.9	Principal characteristics of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information	2.6 to 2.8	95 to 106
1.10	Current branches	N/A	N/A
1.11	Guidance on financial risks related to the effects of climate change and the presentation of the measures that the Company is taking to reduce them by implementing a Low Carbon strategy	4.4	293 to 299
2	**Legal, financial and tax information of the Company**		
2.1	Breakdown and change in shareholders	6.4.1	386
2.2	Name of the controlled companies holding treasury shares of the Company and share of the equity capital they hold	N/A	N/A
2.3	Significant stakes acquired during the fiscal year in companies with registered offices in France	1.8.2.2	66
2.4	Notice of holdings of more than 10% of the share capital of another company; disposition of cross-shareholdings	N/A	N/A
2.5	Purchases and sales by the Company of its own shares (share buy-back)	6.3.8.2	384
2.6	Statement of employee shareholdings	6.5	389 and 390
2.7	Notice of potential adjustments: for securities giving access to the share capital and stock options in the case of share buy-backs; for securities giving access to the share capital in the event of financial transactions.	6.3.5.1 6.3.5.2	380 and 381 382 and 383
2.8	Dividends paid out in the three preceding fiscal years	3.5.6	246
2.9	Non-tax deductible expenses and charges	N/A	N/A
2.10	Terms of payment and breakdown of balance of trade payables and trade receivables by due date	Notes 12 and 13 of parent company financial statements	258 and 259
2.11	Injunctions or fines for anti-competitive practices	2.9	106 to 109
3	**Information on corporate officers**		
3.1	In the case of stock option grants, presentation of the information used by the Management Board to decide: to either not allow executives to exercise their options before the end of their terms of office, or to require them to hold all or part of the shares arising from options already exercised in registered form until they cease to hold office (by specifying the portion thus fixed)	N/A	N/A
3.2	Summary statement of the transactions in Company securities by executives and related parties	5.4	363

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Subject		Chapters	Pages
3.3	In the case of bonus share grants, presentation of the information used by the Management Board to decide: to either not allow executives to sell the free shares granted to them before the end of their terms of office, or to fix the quantity of these shares that they must hold in registered form until the end of their employment (by specifying the portion thus fixed)	5.3.1.3 5.3.1.4 5.3.1.5	347 and 348 348 and 349 349 to 352
4	**The Company's CSR information**		
4.1	Acknowledging the social and environmental consequences of the business and the Company's social commitments to sustainable development, including the impact of its activity and the usage of goods and services that it produces on climate change, the circular economy, efforts to combat food waste and efforts to promote the fight against-discrimination and to encourage diversity	4	277 to 311
4.2	Collective bargaining agreements entered into in the Company and their impact on its economic performance as well as on the working conditions for employees	4.3.2	290 to 292
5	**Other information**		
5.1	The amount of loans of at least a two year maturity granted by the Company, and ancillary to its main business, to micro-businesses, SMEs or to medium-sized businesses with which it has economic ties justifying the loan [(1)]	N/A	N/A
5.2	Information on payments made to authorities in each of the countries or areas in which the Company conducts the following activities: the exploration, prospecting, discovery, exploitation or extraction of hydrocarbons, coal and lignite, metal ores, stone, sand and clay, chemical minerals and fertilizers, peat, salt or other mineral resources in the exploitation of primary forests [(2)]	N/A	N/A
5.3	Table showing the last five years	3.5.7	246
5.4	Supervisory Board report on Corporate governance	5.2.4	341 and 342

(1) Article L. 511-6, 3 bis of the French Monetary and Financial Code as amended by law No. 2015-992 of 17 August 2015.
(2) Article L. 225-102-3 of the French Commercial Code as amended by Ordinance No. 2015-1576 of December 3, 2015.

Concordance table with the Sections from Annex 1 of European regulation No. 809/2004

The concordance table below enables identification in this Registration Document of the information discussed in the various Sections of Appendix 1 of EC regulation No. 809/2004 (European Commission) dated April 29, 2004.

Information		Chapters	Pages
1	**Persons responsible**		
1.1	Persons responsible for the information	7.1.1	396
1.2	Statement by the person responsible	7.1.2	396
2	**Statutory Auditors**		
2.1	Information related to the Statutory Auditors	7.1.4	397
3	**Selected financial information**		
3.1	Presentation of historical financial information	1.1	12 and 13
3.2	Presentation of interim financial information	N/A	N/A
4	**Risk factors**	**2**	**71 to 109**
5	**Information concerning the issuer**		
5.1	History and development of the Company	Group History 1.2	4 14 to 17
5.1.1	Legal name and trading name of the Company	6.1.1	366
5.1.2	Place and number of the Company's registration	6.1.2	366
5.1.3	The Company's date of incorporation and duration	6.1.3	366
5.1.4	Registered office, country of origin, address and telephone number, legal form and regulations applying to the Company	6.1.4	366
5.1.5	Significant events in the development of the Company's business	1.2.2 1.2.3 1.3.2 to 1.3.4 1.4.2	15 and 16 17 18 to 22 22 and 23
5.2	Investments	3.3	157 to 159
5.2.1	Description of the principal investments made by the Company	3.3.1	157 and 158
5.2.2	Description of the ongoing investments of the Company and their geographic location	3.3.2	158
5.2.3	Information related to investments the Company expects to complete	3.3.3	159
6	**Overview of businesses**		
6.1	Principal businesses	1.6 1.7 1.8	30 to 60 61 to 63 63 to 68
6.1.1	Description of the transactions carried out by the issuer and its principal businesses	1.4 1.6	22 to 24 30 to 60
6.1.2	Presentation of the new products/services brought to market	1.6 1.7	30 to 60 61 to 63
6.2	Principal markets in which the issuer operates	1.3	17 to 22
6.3	Exceptional events	N/A	N/A
6.4	The issuer's degree of dependence on patents or licenses, industrial, commercial or financial contracts or on new manufacturing procedures	1.9	68 and 69
6.5	Items forming the basis of the issuer's statement on its competitive position	1.5	24 to 29
7	**Organizational chart**		
7.1	Description of the Group	1.8	63 to 68
7.2	List of significant subsidiaries	1.8.2.1	65 and 66

	Information	Chapters	Pages
8	**Property, plant and equipment**		
8.1	Significant property, plant and equipment	1.9.2	69
8.2	Environmental issues that may influence the issuer's use of its property, plant and equipment	N/A	N/A
9	**Review of the financial position and results**		
9.1	Financial position	3.1 to 3.6	112 to 272
9.2	Results of operations	3.1.2.2 3.5.2	120 to 127 245
9.2.1	Events which impacted the issuer's operating income	3.1 to 3.6	112 to 272
9.2.2	Explanations supporting a significant change in net revenue and/or net income	3.1 to 3.6	112 to 272
9.2.3	Presentation of the economic, governmental, budgetary, monetary or political factors and strategies affecting or able to affect the issuer's business	2.1 2.2	72 to 74 75 to 82
10	**Cash and capital**		
10.1	Information about the capital resources of the Company	3.2	130 to 157
10.2	Source and amount of the issuer's cash flows and cash flow description	3.2.2	133 to 137
10.3	Information about the loan terms and conditions and the issuer's capital structure	3.2.3	137 to 157
10.4	Information relating to potential restrictions affecting the use of capital resources and able to impact upon the issuer	N/A	N/A
10.5	Expected financing sources deemed necessary for the Company to comply with its commitments	3.2	130 to 157
11	**Research and development, patents and licenses**	**1.9**	**68 and 69**
12	**Trend information**		
12.1	Principal trends affecting production, sales and inventory, costs and sales prices since the end of the latest fiscal year	1.3 1.5 3.8	17 to 22 24 to 29 275
12.2	Known trends, uncertainties or requests or commitments or events reasonably likely to significantly affect the issuer's prospects, at least for the current fiscal year	3.8	275
13	**Profit forecasts or estimates**	**3.7**	**273 and 274**
14	**Administrative, management and supervisory bodies and senior management**		
14.1	Information on the members of the administrative or management bodies of the Company	5.1	314 to 332
14.2	Conflicts of interest at the level of the administrative, management and supervisory bodies and senior management	5.1.3.3	328
15	**Compensation and benefits**		
15.1	Amount of compensation paid and benefits in kind	5.3	343 to 363
15.2	Total amount of the provisions made or recorded by the issuer or by its subsidiaries for the payment of pensions, retirement plans or other benefits	N/A	N/A
16	**Functioning of administrative and management bodies**		
16.1	Expiration date of current terms of office	5.1	314 to 332
16.2	Service contracts binding members of the administrative and management bodies	5.1.3.3	328
16.3	Information on the Audit Committee and the Compensation and Nominations Committee	5.2.3	336 to 341
16.4	Statement of compliance with the corporate governance framework	5.1.3	328 to 330

Information		Chapters	Pages
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17.2	Shareholdings and stock options	5.3.1.3, 5.3.1.4 and 5.3.1.5	348 to 353
17.3	Agreements providing for employee shareholdings in the share capital of the issuer	6.5	389 and 390
18	**Principal shareholders**		
18.1	Shareholders holding more than 5% of the share capital	6.4.1	386
		6.4.2	387
18.2	Existence of different voting rights	6.4.3	387
18.3	Shareholdings or controlling interests in the issuer	6.4.4	387
18.4	Agreement whose implementation could lead to a change in control	6.4.6	388
19	**Related party transactions**	**7.2 and 7.4**	**397 to 403**
20	**Financial information concerning the issuer's assets, financial position and results of operations**		
20.1	Historical financial information	General comments	2
20.2	Pro forma *financial information*	3.4	159 to 244
20.3	Financial statements	3.4	159 to 244
		3.6	247 to 272
20.4	Verification of the annual historical financial information	3.6	247 to 272
		3.1	112 to 130
20.5	Closing date of the latest fiscal year	3.6	247 to 272
20.6	Interim financial and other information	N/A	N/A
20.7	Dividend distribution policy	6.7	390 to 392
20.8	Legal and arbitration proceedings	2.9	106 to 110
20.9	Significant change in the financial or business position	3.9	276
21	**Additional information**		
21.1	Share capital	6.3	377 to 385
21.2	Constitution and bylaws	6.2	366 to 377
22	**Important contracts**	**7.3**	**400**
23	**Information from third parties, expert statements and declarations of interest**	**1.3**	**17 to 22**
24	**Publicly available documents**	**7.6**	**404**
25	**Information on shareholdings**	**1.8**	**63 to 68**

7.8 GLOSSARY

7.8.1 Operational glossary

Air Force 1

Project to improve customer service, set up by Europcar in the 20 main European airports representing 16% of the Group's rentals.

"At risk" vehicles

Vehicles purchased by the Group from car manufacturers or car dealers not benefiting from a buy-back option or agreement

Auto dealer

Companies that sells new or used vehicles at the retail level, based on a dealership contract with car manufacturers or their sales subsidiaries.

Average duration

The average rental duration corresponds to the rental day volume divided by the number of rental agreements.

Average rental fleet

The average rental fleet corresponds to the number of fleet vehicles during the period when the fleet is in operation, multiplied by the number of days in the period during which the fleet is in service, divided by the total number of days of the same period.

Broker

Intermediaries acting on the leisure segment and selling vehicle rentals services to end customers on behalf of the Group.

Business customers

Refers principally to "Large Corporates", small and medium-sized businesses and organizations that rent replacement vehicles

Business Unit

Operating divisions covering the market segments in which the Group is located.

Buy-back commitments

Undertakings from car manufacturers or auto dealers to repurchase vehicles at a pre-determined fixed price subject to certain terms and conditions.

Car-sharing service

Car-sharing services restricted to subscribing members. The marketplace matches available cars to potential drivers. The car-sharing market can be divided into three segments: (i) car-sharing operators that offer urban users the virtual ownership of the vehicles, (ii) players that offer professional management and fleet optimization services and (iii) vehicle sharing platforms that put individuals in contact in order to share a vehicle.

Concessionary arrangement

Arrangement whereby a local authority, corporation or other legal entity grants Europcar the right to use land or property.

Corporate Countries

Countries in which the Group owns and operates its own network, where directly operated stations and agent-operated stations are located (Australia, Austria, Belgium, Denmark, Germany, Slovakia, Spain, France, Hungary, Ireland, Italy, Luxembourg, Portugal, the United Kingdom and New Zealand, as well as Croatia, Greece and Turkey which are Goldcar Corporate Countries).

Customer experience

Expression that summarizes the Group's ambitions in terms of improved customer satisfaction.

Customer Relationship Management (CRM)

System for managing the Group's interactions with current and future customers.

E-commerce

The sale or purchase of goods or services effected by means of a remote communications network.

Esop 2017 Plan

Employee shareholding plan set up in 2017 in each of the Corporate Countries.

Europcar network

All of the Group's rental stations worldwide held directly or through its franchisees or agents.

Europrogramme

A corporate insurance program allowing each subsidiary operating in each country participating in the program to benefit from motor vehicle liability insurance from its local AIG Europcar Ltd branch, established in the country in which the subsidiary operates.

Finance lease vehicle

Agreement by which a vehicle, held by a credit institution, is leased for a long period of time to a car rental company which in turn pays for the lease on a periodic basis and has the option to acquire ownership of such vehicle during or at the end of the rental period.

During the term of the lease, the finance company remains the legal owner of the vehicle; however the rental company retains the benefits and risks of (economic) ownership.

Fleet

All vehicles operated by the car rental company, whether or not available for rent.

Fleet utilization rate

Fleet utilization rate corresponds to the ratio of the rental day volume to the number of days the fleet financially availability period. It is specified that the fleet financial availability period represents the period during which the vehicles are in service. The higher the fleet financial utilization rate, the fewer vehicles are required for the fleet to generate a given quantity of rental days.

Franchise/Franchising

Arrangement where the franchiser grants the franchisee the right to use its trademark or trade-name as well as certain know-how in order to produce and market goods or services according to certain specifications. In return, the franchisee usually pays the franchiser an entry fee and, each year, a percentage of sales revenues as royalty.

General sales agent (GSA)

General sales representative that promotes and sells the services offered by Europcar in a specific country or region in consideration of a commission.

Global distribution system (GDS)

Computerized reservation systems operated by third parties and used by intermediaries such as travel agents and travel/tour operators to make reservations with the Europcar network.

GreenWay system®

Software application, owned by Europcar, offering a comprehensive business solution mainly in the areas of fleet management, e-commerce, reservations and global distribution systems and rental operations.

Holding period

The period for which a vehicle is owned or leased by the Group (*i.e.*, from the date of acquisition or start date of a lease of a vehicle by the Group to its sale or return date).

Leisure customers

Refers principally to individual travelers renting vacation car rentals, as well as people renting vehicles to meet other personal needs, directly or indirectly through travel agents, tour operators or brokers.

Net Promoter Score (NPS)

The Net Promoter Score corresponds to the difference between the "promoters" and the "detractors" of the Europcar brand. It is obtained by adding together the people who have answered 9 or 10/10 to the question "Would you recommend Europcar to your friends or family?" minus the number of people who answered 6 or less.

Number of rental agreements

The number of rental agreements is the number of vehicle rentals billed to a customer.

Operating lease vehicle

Agreement by which a vehicle is leased to a car rental company on a short-term basis, which pays rent periodically to a financial institution or the finance division of a car manufacturer; at the end of the operating lease, ownership does not pass to the car rental company.

For instance, in the context of the implementation of the Group's securitization program, the Securitifleet Companies, whose purpose is to purchase and own vehicles, lease them to the operating companies of the Group pursuant to master operating lease agreements.

Rental day volume

Rental day volume corresponds to the rental day volume realized by the customers, including each day or period of shorter than a day for which a rental vehicle is invoiced to a client.

RentWay system®

Overall vehicle rental and fleet management system for the InterRent® brand.

Replacement vehicle

Service offered by the Group to insurance companies, vehicle leasing companies, vehicle dealers and other entities offering vehicle replacement services to their own customers.

Securitifleet companies

Companies that are set up in the context of the Group's securitization program to purchase and own vehicles and to lease them to local Group operating companies in France, Germany, Italy and Spain.

Stations

Locations where the Group offers its rental services. These may take the form of station counters at certain locations such as airports.

7.8.2 Financial glossary

Adjusted corporate EBITDA

Adjusted corporate EBITDA is a group performance indicator. It is equal to the recurring operating income before depreciation and amortization not connected with the vehicle fleet and after deduction of the interest expense connected with the debt serving fleet financing.

Adjusted corporate EBITDA margin

The adjusted corporate EBITDA margin is an indicator of Group profitability. It corresponds to the adjusted corporate EBITDA divided by total revenue.

Adjusted consolidated EBITDA

Adjusted consolidated EBITDA is a group performance indicator. It corresponds to the adjusted corporate EBITDA restated from the total fleet depreciation (including fleet depreciation included in operating leases) and from the fleet financial costs (including estimated interest included in operating leases).

Adjusted recurring operating income

Adjusted recurring operating income is a group performance indicator. It corresponds to the recurring operating income restated of the estimated interest included in operating lease rents.

Average monthly costs per fleet unit

Average monthly costs per fleet unit corresponds to the total fleet costs (fleet holding costs and fleet operating cost) excluding interest expense included in fleet operating lease rents and insurance fees, divided by the average fleet of the period divided by the number of months in the period.

Cash flow after payment of high yield interest

Cash flow after payment of high yield interest corresponds to corporate free cash flow after payment of high yield interest.

Conversion rate for corporate free cash flow

Conversion rate for corporate free cash flow corresponds to corporate free cash flow divided by adjusted corporate EBITDA (excluding the New Mobility Business Unit).

Corporate debt leverage

Corporate debt leverage corresponds to corporate net debt divided by adjusted corporate EBITDA.

Corporate free cash flow

Corporate free cash flow is defined as free cash flow before the impacts of the fleet and acquisitions of subsidiaries.

Dividend payout ratio

The dividend payout ratio corresponds to the total amount of dividends for the year ended divided by the annual net profit for the same year.

Net corporate debt

Net corporate debt includes all the financings recorded on balance sheet dedicated to the financing of non-fleet purposes (mainly non-fleet working capital and capex). This cumulated amount is adjusted of the equity amount injected by the Group in the financing of the fleet, by using its available cash and general corporate purpose financings (in particular the RCF).

Net fleet debt

Net fleet debt includes all the financings related to the fleet recorded on balance sheet. It corresponds to the total outstanding amounts owed by all the Group entities on their fleet financing facilities recorded on balance sheet, adjusted of the equity amount injected by the Group in the financing of the fleet , by using its available cash and general corporate purpose financings (in particular the RCF).

Operating income

Operating income is a group performance indicator. It corresponds to the net income / (loss) before net financing costs, income tax and share of profit / (loss) of associates accounted for under the equity method.

Organic growth in revenue

Organic growth in revenue corresponds to growth at constant consolidation and exchange rate and excludes the impact of oil-related revenue.

Revenue per rental day (RPD)

Revenue per rental day (RPD) corresponds to vehicle rental income divided by the Number of Rental Days for the period.

Total net debt

Total net debt is an indicator of corporate net debt related to the fleet, whether on the statement of financial position or not. It corresponds to the sum of corporate net debt and total net fleet debt.

Total net fleet debt

Total net fleet debt includes all financing in relation to the fleet whether or not it is recorded in the balance sheet. It corresponds to the fleet net debt and the estimated outstanding value of the fleet financed through operating leases (which corresponds to the net book value of the vehicles in question). This amount is calculated based on the purchase prices and depreciation rates of corresponding vehicles (based on contracts signed with the manufacturers).

Total Shareholder Return (TSR)

Total shareholder return is an overall performance measure for the Europcar share. It corresponds to the global rate of return of the stock for the investors over the holding period and combines dividends received and stock price appreciation.

Vehicle rental income

Revenue from the vehicle rental business is one of the components of Group revenue. It corresponds to total revenue excluding franchising business and other revenue associated with car rental (of which oil-related revenue).

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Registered Office

2 rue René Caudron, Bâtiment OP
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www.europcar-group.com