## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR (2) OUTSIDE THE UNITED STATES.**

***IMPORTANT***: You must read the following before continuing. The following applies to the preliminary offering memorandum (the "Offering Memorandum") following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access.

The Offering Memorandum has been prepared in connection with the proposed offer and sale of the securities described herein. The Offering Memorandum and its contents are confidential and should not be distributed, published, reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

**Confirmation of your representation**: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities described herein, investors must be either (1) qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act ("QIBs") or (2) outside the United States. The Offering Memorandum is being sent at your request. By accepting the e-mail and accessing the Offering Memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such Offering Memorandum by electronic transmission, and

(2) either you or any customers you represent are:

  (a) QIBs; or

  (b) outside the United States and the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A under the U.S. Securities Act.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

The materials relating to the offering of the securities described herein (the "Offering") do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that this Offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, this Offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of us in such jurisdiction.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This Offering Memorandum has not been approved by an authorized person in the United Kingdom and is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "Relevant Persons"). This Offering Memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Offering Memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the initial purchasers, or any person who controls any initial purchaser, or any of their respective directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you from the initial purchasers upon your request.

**Professional Investors and ECPs Only Target Market**: Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the debt securities described in the Offering Memorandum has led to the conclusion that: (i) the target market for such debt securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of such debt securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such debt securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such debt securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**Prohibition of Sales to EEA Retail Investors and UK Retail Investors**: The debt securities described in the Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the debt securities described in the Offering Memorandum or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore, offering or selling such debt securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

The information in this preliminary offering memorandum is not complete and may be changed. The Issuer may not sell its securities until the preliminary offering memorandum is delivered in final form. This preliminary offering memorandum is not an offer to sell these securities and the Issuer is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 7, 2020

PRELIMINARY OFFERING MEMORANDUM — NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

STRICTLY CONFIDENTIAL

autodistribution

LE SPÉCIALISTE DE LA PIÈCE AUTO ET POIDS LOURDS

# PARTS EUROPE S.A.

## €300,000,000 % Senior Secured Notes due 2025

Parts Europe S.A. (formerly Autodis S.A.), a *société anonyme* organized and existing under the laws of France (the "Issuer"), is offering (the "Offering") €300.0 million in aggregate principal amount of its % Senior Secured Notes due 2025 (the "Notes").

The Notes will bear interest at a rate of % and will mature on , 2025. The Issuer will pay interest on the Notes semi-annually in arrears on and , commencing on , 2021. Prior to January , 2022, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying a "make-whole" premium. In addition, prior to January , 2022, the Issuer may redeem, at its option, up to 40% of the Notes (including the aggregate principal amount of any additional Notes issued) with the net cash proceeds from certain equity offerings. Prior to January , 2022, the Issuer may redeem up to 10% of the aggregate principal amount of the Notes originally issued (including the aggregate principal amount of any additional Notes issued) in each calendar year at a redemption price equal to 103% of the principal amount thereof. On or after January , 2022, the Issuer may redeem all or part of the Notes at the redemption price set forth in this offering memorandum (the "Offering Memorandum").

Additionally, upon certain events defined as constituting a change of control or upon certain asset sales, the Issuer may be required to make an offer to purchase the Notes. A change of control, however, will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event. In the event of certain developments affecting taxation, the Issuer may elect to redeem all, but not less than all, of the Notes.

The Notes will be senior secured obligations of the Issuer, will rank senior in right of payment to all of the Issuer's future debt that is expressly subordinated in right of payment to the Notes and will rank *pari passu* in right of payment with the Issuer's existing and future debt that is not so subordinated, including the Issuer's obligations under the Revolving Credit Facility (as defined herein), the PGE Loan (as defined herein), the Existing Senior Secured Floating Rate Notes (as defined herein) and future hedging obligations (if any). The Notes will be guaranteed (the "Guarantees") on a senior secured basis by Parts Holding Europe S.A.S. (formerly Autodis Group S.A.S.), a *société par actions simplifiée* organized and existing under the laws of France, the direct parent company of the Issuer (the "Parent Guarantor"), and Autodistribution S.A.S., a *société par actions simplifiée* organized and existing under the laws of France, a direct subsidiary of the Issuer (the "Subsidiary Guarantor" and together with the Parent Guarantor, the "Guarantors"). The Guarantees rank senior in right of payment to the respective Guarantor's future debt that is expressly subordinated in right of payment to such Guarantee and rank *pari passu* in right of payment with the respective Guarantor's existing and future debt that is not so subordinated, including such Guarantor's obligations under the Revolving Credit Facility, the PGE Loan and the Existing Senior Secured Floating Rate Notes.

The Notes will be secured by (i) a first-priority pledge of the share capital of Dakar Acquisition S.A., the indirect parent company of the Issuer ("LuxCo 6"); (ii) a first-priority pledge of the capital stock, material bank accounts and material intragroup receivables of the Parent Guarantor; (iii) a first-priority pledge of the capital stock of the Issuer (other than certain *de minimis* shareholdings); (iv) a first-priority security interests over certain assets of the Issuer, including the capital stock of Autodistribution S.A.S., Magenta Auto Pièces S.A. and SDFM S.A. held by the Issuer, its material bank accounts and its material intragroup receivables; and (v) a first-priority pledge of (A) the capital stock of Commerce Rechange Automobiles S.A.S., Cofirhad S.A.S. and AD Grand Ouest S.A.S. held by Autodistribution S.A.S., (B) Autodistribution S.A.S.'s material bank accounts and (C) Autodistribution S.A.S.'s material intragroup receivables (the "Collateral"). The Revolving Credit Facility, the PGE Loan and future hedging obligations (if any) (the "Super Senior Obligations") are also secured by first-priority security interests over, among other things, the Collateral. Under the terms of the Intercreditor Agreement (as defined herein), in the event of enforcement of the security interests over the Collateral, holders of Notes will receive proceeds from the Collateral only after the Super Senior Obligations have been repaid. The validity, enforceability and, in respect of the security interests over the Collateral, priority and ranking of the Guarantees and the security interests and the liability of the Guarantors, are subject to the limitations described in "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*." The Notes will be structurally subordinated to all obligations of the Issuer's subsidiaries that do not guarantee the Notes and effectively subordinated to any existing and future debt of the Issuer and its subsidiaries, including the Super Senior Obligations, that is secured by property or assets that do not secure the Notes, to the extent of the value of such property and assets. The Revolving Credit Facility and the PGE Loan are guaranteed by, and are secured by certain assets of, certain subsidiaries of the Issuer that do not guarantee or provide security in favor of the Notes.

The Notes will be represented on issuance by one or more Global Notes (as defined herein), which we expect will be delivered in book-entry form through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") on or about , 2020 (the "Issue Date"). Interests in each Global Note will be exchangeable for definitive Notes only in certain limited circumstances. See "*Book-entry, delivery and form*."

Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of and permission to deal in the Notes on the Official List (the "Official List") of The International Stock Exchange (the "Exchange"). There can be no assurance, however, that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

**INVESTING IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "*RISK FACTORS*" BEGINNING ON PAGE 30 FOR A DISCUSSION OF CERTAIN RISKS THAT YOU SHOULD CONSIDER BEFORE INVESTING IN THE NOTES.**

**Issue price of the Notes: %, plus accrued and unpaid interest from the Issue Date.**

**The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. The Notes and the Guarantees are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A") and outside the United States in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes and the Guarantees may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For further details about eligible offerees and resale restrictions, see "*Transfer restrictions*."**

*Global Coordinators and Joint Bookrunners*

**Citigroup** **BNP PARIBAS** **Société Générale**

*Joint Bookrunners*

**Credit Suisse** **Goldman Sachs International** **J.P. Morgan** **Morgan Stanley**

The date of this Offering Memorandum is , 2020.

Table of Contents



In making an investment decision, you should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Guarantors or any of the Initial Purchasers (as defined herein) has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. None of the Issuer, the Guarantors or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum.

## Important information about this Offering Memorandum

This Offering Memorandum has been prepared by the Issuer solely for use in connection with the proposed Offering. This Offering Memorandum may not be distributed to any person other than prospective investors and any person retained to advise such prospective investors with respect to the purchase of the Notes, and any disclosure of the contents of this Offering Memorandum without our prior written consent is prohibited. By accepting delivery of this Offering Memorandum, you agree to the foregoing and you agree to not make copies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

The Issuer, having made all reasonable enquiries, confirms that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), this Offering Memorandum contains all of the information that is material in the context of the issuance and offering of the Notes, that the information contained in this Offering Memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no other facts the omission of which would make this Offering Memorandum or any such information misleading in any material respect. The information contained in this Offering Memorandum is as of the date hereof. The Issuer accordingly accepts responsibility for the information contained in this Offering Memorandum.

The Issuer is offering the Notes in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under this section. You may be required to bear the financial risk of an investment in the Notes for an indefinite period.

The information contained in "*Exchange rate information*," "*Summary*," "*Management's discussion and analysis of financial condition and results of operations*," "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data and estimates, released by publicly available resources in Europe and elsewhere. Although the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the Issuer has not independently verified the accuracy of such information and data and accepts no further responsibility in respect of such information and data. In addition, the information set forth in relation to sections of this Offering Memorandum describing clearing arrangements, including under "*Description of the Senior Secured Notes*" and "*Book-entry, delivery and form*," is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream as of the date on the front cover of this Offering Memorandum, it accepts no further responsibility in respect of such information.

The Issuer reserves the right to withdraw this Offering at any time. The Issuer is making this Offering subject to the terms described in this Offering Memorandum and the purchase agreement (the "Purchase Agreement") relating to the Notes entered into between the Issuer and the Initial Purchasers. The Issuer and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all the Notes for which it has subscribed.

None of Citigroup Global Markets Limited, BNP Paribas, Société Générale, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, J.P. Morgan Securities plc and Morgan Stanley & Co. International plc (collectively, the "Initial Purchasers"), the Trustee, the Security Agent and the Agents (each as defined herein) makes any representation or warranty, express or implied, as to, or assumes any responsibility for, the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, the Security Agent or the Agents as to the past or the future.

In connection with the Offering, the Initial Purchasers are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to the Offering.

The Initial Purchasers will provide you with a copy of this Offering Memorandum and any related amendments or supplements. By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to ask questions to us, and that you have received all answers you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

Investing in the Notes involves substantial risks. See "*Risk factors*."

In making an investment decision, you must rely solely on the information contained in this Offering Memorandum and your own examination of us and the terms of this Offering, including the merits and risks involved. In addition, none of us, the Initial Purchasers, the Trustee, the Security Agent and the Agents, or any of their respective representatives, is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this Offering Memorandum as legal, business or tax advice. You should consult your own advisors as to the legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; none of us, the Initial Purchasers, the Trustee, the Security Agent and the Agents shall have any responsibility for any of the foregoing legal requirements. The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. See "*Transfer restrictions*."

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this Offering Memorandum will be issued in the form of one or more Global Notes. The Global Notes will be deposited and registered in the name of a common depositary for Euroclear and Clearstream. Transfers of interests in the Global Notes will be effected through records maintained by Euroclear and Clearstream, respectively, and their respective participants. The Notes will not be issued in definitive registered form except under certain limited circumstances described in "*Book-entry, delivery and form*."

Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. In the course of any review by the Authority, we may be requested to make changes to the financial and other information included in this Offering Memorandum in producing listing particulars for such listing. Comments by the Authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. We may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. There can be no assurance that the Notes will be listed on the Official List of the Exchange, and settlement of the Notes is not conditioned on obtaining this listing.

## Stabilization

**IN CONNECTION WITH THE OFFERING, CITIGROUP GLOBAL MARKETS LIMITED (THE "STABILIZING MANAGER"), OR PERSONS ACTING ON ITS BEHALF, MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS, FOR A LIMITED PERIOD AFTER THE ISSUE DATE, WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILIZING MANAGER OR PERSONS ACTING ON ITS BEHALF WILL UNDERTAKE ANY SUCH STABILIZING ACTION. ANY SUCH STABILIZING ACTION, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVERALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER, OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER, IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## Notice to investors in the United States

This Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Transfer restrictions*."

This Offering Memorandum is being provided (i) to a limited number of U.S. investors that the Issuer reasonably believes to be "qualified institutional buyers" under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (ii) outside the United States in connection with offshore transactions complying with Regulation S. The Notes described in this Offering Memorandum have not been, and will not be, registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC or any state securities commission in the United States or any such other securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense. Prospective investors are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

## Notice to European Economic Area investors

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of the Notes. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended and superseded).

Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

### *Prohibition of Offers to EEA and UK Retail Investors*

The Notes are not intended to be offered, sold to and should not be offered, sold to any retail investor in the EEA or in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU, as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

For the purposes of this section, the expression "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means presenting sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### *Professional Investors and ECPs Only Target Market*

Professional investors and ECPs (as defined below) only target market: Solely for the purposes of the product approval process of the manufacturers', the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties ("ECPs") and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, and without prejudice to our obligations in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

## Notice to investors in Luxembourg

The Notes are not offered or sold, directly or indirectly, to the public in or from Luxembourg and each Initial Purchaser has represented and agreed that it will not offer or sell the Notes or cause the Offering of the Notes or contribute to the Offering of the Notes to the public in or from Luxembourg, unless all the relevant legal and regulatory requirements concerning a public offer in or from Luxembourg have been complied with. In particular, this offer of the Notes has not been and may not be announced to the public and this Offering Memorandum nor any other offering or marketing materials may not be made available to the public in Luxembourg.

## Notice to investors in France

This Offering Memorandum has not been prepared and is not being distributed in the context of a public offer of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* other than those referred to in Article L.411-2 of the French *Code* *monétaire et financier* and, therefore, neither this Offering Memorandum nor any other offering or marketing materials relating to the Notes has been approved by, registered or filed with the French financial markets authority, or "AMF." Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and neither this Offering Memorandum nor any other offering or marketing materials relating to the Notes may be made available or distributed, or used in connection with any offer for subscription or sales of the Notes, in each case, in any way that would constitute, directly or indirectly, an offer to the public in France.

The Notes shall only be offered or sold in France pursuant to Article L. 411-2 1° of the French *Code monétaire et financier* to qualified investors (*investisseurs qualifiés*), as defined in and in accordance with Article 2 of Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). No offer or sale, directly or indirectly, of the Notes in France, other than in compliance with applicable laws and regulations and in particular those relating to a public offering (which are, in particular, embodied in Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*) shall be made.

**Notice to investors in the United Kingdom**

This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "Relevant Persons"). This Offering Memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Offering Memorandum relates is permitted only by Relevant Persons and will be engaged in only with Relevant Persons.

**Forward-looking statements**

This Offering Memorandum includes forward-looking statements that are based on our current expectations and projections about future events. All statements other than statements of historical fact included in this Offering Memorandum, including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. Words such as "believe," "expect," "anticipate," "may," "assume," "plan," "intend," "will," "should," "estimate," "risk" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

In addition, any forward-looking statements are made only as of the date of this Offering Memorandum and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Offering Memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Offering Memorandum. As a result, you should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Memorandum. Factors that could cause such differences in actual results include:

- the impact of material disruptions at our warehouses or to our transportation network and increases in transportation costs;
- the impact of the COVID-19 pandemic;
- the ability of third-party suppliers to meet our product requirements;
- the impact of French, Benelux, Italian and worldwide economic and other conditions on demand for our products;
- the risk that our growth strategy may not be successful;

- our inability to successfully integrate acquired businesses into our network;
- the risk that our customers' financial difficulties require us to write off debts;
- the impact of competition in the spare parts distribution industry;
- our reliance on the age, number and mileage of light vehicles and trucks and the length of service intervals;
- failure to successfully anticipate demand or manage our inventory and services;
- disruption of our information technology ("IT") systems;
- failure or interruption in software or information systems licensed from third parties;
- the increasing use of technology in our industry;
- failure to maintain or improve our brand image;
- an ineffective marketing and communication strategy;
- failure by our suppliers to comply with ethical business practices or applicable laws and regulations;
- coverage of our liabilities by insurance;
- the impact of our lease obligations on our operating flexibility;
- theft in our warehouses and other facilities;
- the impact of price and margin pressures;
- the termination of our affiliation agreements with affiliated independent distributors;
- lower sales from, or a deterioration of our relationship with, our distributors and branded garages;
- our ability to attract and retain key personnel;
- the impact of changes in laws and regulations, including in relation to labor, employment and tax and our inability to use French tax loss carry-forwards;
- the deterioration in our relationships with our employees or trade unions;
- the impact of higher employment costs;
- the impact of environmental, health and safety regulations;
- the risk associated with fluctuations in our working capital requirements;
- material losses as a result of product liability and warranty claims;
- reliance on certain certifications for the operation of our Trucks segment;
- the risk associated with product liability claims on products we import in the European Union;
- the impact of legal and arbitration proceedings;
- our failure to comply with tax regulations and actions by tax authorities and increase of VAT rates;
- the impact of changes in accounting standards;
- the impact of competition and antitrust laws; and
- other risks associated with our financing, the Notes and our structure discussed under "*Risk Factors*."

We disclose important factors that could cause our actual results to differ materially from our expectations in "*Summary*," "*Risk factors*" and "*Management's discussion and analysis of financial condition and results of operations*." Other sections of this Offering Memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors. We cannot assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

## Industry and market data

This Offering Memorandum contains market and competitive position data from industry publications and from surveys or studies conducted by third-party sources believed to be reliable by management. These third-party sources include surveys or studies commissioned by us and INSEE (*Institut National de la Statistique et des Etudes Economiques*).

We believe that these industry publications, surveys and studies are reliable. We cannot, however, assure you of the accuracy and completeness of such information, and we have not independently verified such industry and market data. Industry and consultant publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of the studies and publications we have used is reliable, neither we nor the Initial Purchasers have independently verified the data that were extracted or derived from these industry and consultant publications or reports and cannot guarantee their accuracy or completeness. Market data and statistics are inherently uncertain and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under "*Risk factors*." As far as we are aware and have been able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this Offering Memorandum.

In addition, we have made statements in this Offering Memorandum regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. Market share figures presented herein are based on revenue and exclude tires, oil, accessories and consumables. Market share figures of the Group provided herein are based on total network sales, which is calculated as our revenue plus estimated sales of our independent affiliated distributors, as applicable. References to the "core" Western European light vehicle spare parts distribution aftermarket excludes tires, oil, accessories and consumables, and references to the "core" truck spare parts distribution and repair aftermarket in France includes distribution of spare parts and repair and maintenance services and does not include OEM parts sales, labor and workshop margins on spare parts. Neither we nor the Initial Purchasers can assure you that any of these statements are accurate or correctly reflect our position in the industry, and none of our internal surveys or information has been verified by any independent sources.

## Presentation of financial information and other data

### Financial statements presented

We have included in this Offering Memorandum (i) the audited consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2018, with the comparative financial information as of and for the year ended December 31, 2017, (ii) the audited consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2019, with the comparative financial information as of and for the year ended December 31, 2018, and (iii) the unaudited interim condensed consolidated financial statements of the Parent Guarantor as of and for the three months ended March 31, 2020 (the "Unaudited Interim Financial Statements"), with the comparative financial information for the three months ended March 31, 2019.

The Issuer is a holding company with no revenue-generating business, operations or significant assets other than in connection with its incorporation and the Refinancing, investments in its subsidiaries and intragroup loans, and is not required to, and does not, prepare consolidated financial statements. Consequently, only limited historical financial information relating to the Issuer is available, and no financial information with respect to the Issuer is included in this Offering Memorandum. The Issuer is a direct wholly-owned subsidiary of the Parent Guarantor and the results of operations and financial position of the Issuer are included in the Parent Guarantor's consolidated financial statements. See "*Risk factors—Risks related to our indebtedness and the Notes—Each of the Issuer and the Parent Guarantor is a holding company that has no revenue generating operations of its own and will depend on cash from its operating subsidiaries to be able to make payments on the Notes*." Unless specified otherwise, all historical financial information presented in this Offering Memorandum is that of the Parent Guarantor and its subsidiaries. The Parent Guarantor guarantees the Notes on a senior secured basis. Accordingly, all references to "we," "us," "our" or the "Group" in respect of financial information in this Offering Memorandum are to the Parent Guarantor and its subsidiaries on a consolidated basis.

The audited consolidated financial statements of the Parent Guarantor, and the comparative financial information as of and for the year ended December 31, 2017, included herein have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The unaudited interim condensed consolidated financial statements of the Parent Guarantor as of and for the three months ended March 31, 2020, with comparative financial information for the three months ended March 31, 2019, included herein have been prepared in accordance with IAS 34 "Interim Financial Reporting," the IFRS standard applicable to interim financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas in which assumptions and estimates are significant to our financial statements, are disclosed in our audited consolidated financial statements. See "*Management's discussion and analysis of financial condition and results of operations—Critical accounting policies*."

On January 13, 2016, the IASB published IFRS 16, and the European Union adopted IFRS 16 on November 9, 2017. We have adopted IFRS 16 from January 1, 2019, which has an impact on our reported consolidated assets, liabilities, income statement and cash flow statement. The implementation of IFRS 16 resulted in an increase of €170.2 million in total assets and €171.4 million in total liabilities, in each case as of January 1, 2019, and had a positive impact on Adjusted EBITDA of €47.6 million for the year ended December 31, 2019. We prepared our financial statements for the year ended December 31, 2019, under the modified retrospective approach pursuant to which comparative results are not restated. Accordingly, our results of operations for the year ended December 31, 2019, which were prepared after the first application of IFRS 16, are limited in comparability to our results of operations for the year ended December 31, 2018, which were prepared before the first application of IFRS 16. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Comparability of Our Results of Operations—Changes to Accounting Standards—IFRS 16*."

In the consolidated financial statements of the Parent Guarantor for the year ended December 31, 2019, our consolidated balance sheet for the year ended December 31, 2018 was restated to give effect to a goodwill adjustment in respect of the acquisition of Oscaro. The results of Oscaro were integrated into our consolidated financial statements as of and for the year ended December 31, 2018, on the completion date of the acquisition of Oscaro, i.e. November 13, 2018. This period of one and a half month did not allow for a complete evaluation of Oscaro and a provisional goodwill was calculated and recorded on our balance sheet as of December 31, 2018, in accordance with IFRS 3 "Business combinations." The calculation of goodwill has been updated in our consolidated financial statements as of and for the year ended December 31, 2019, and as a result our balance sheet as of December 31, 2018, has been restated to give effect to this goodwill adjustment. See notes 4.1 and 4.3 to the audited consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2019, included in this Offering Memorandum for additional information.

In making an investment decision, you must rely upon your own examination of the terms of this Offering and the financial information contained in this Offering Memorandum. You should consult your own professional advisors for an understanding of the differences between IFRS and generally accepted auditing principles in the United States and how those differences could affect the financial information contained in this Offering Memorandum.

Unless otherwise indicated, and other than for percentages and ratios, the financial information of the Parent Guarantor for the twelve months ended March 31, 2020, included in this Offering Memorandum has been derived by adding the consolidated financial information of the Parent Guarantor as of and for the year ended December 31, 2019, to the consolidated financial information of the Parent Guarantor for the three months ended March 31, 2020, and subtracting the consolidated financial information of the Parent Guarantor for the three months ended March 31, 2019. The financial information for the twelve months ended March 31, 2020, has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date. This information has not been audited or reviewed by any auditors.

The contents of any website, including the websites of Bain Capital, the Issuer or any member of the Group, do not form any part of this Offering Memorandum.

### Pro Forma Financial Information

We present in this Offering Memorandum certain unaudited pro forma consolidated financial information of the Parent Guarantor for the twelve months ended March 31, 2020, adjusted to give full-year effect to the acquisitions made during the twelve months ended March 31, 2020 (see note 5.1 to the unaudited interim condensed consolidated financial statements of the Parent Guarantor and 5.1.1 to the audited consolidated financial statements of the Parent Guarantor included in this Offering Memorandum) and related synergies and cost saving measures (collectively, the "Pro Forma Financial Information"). The Pro Forma Financial Information has been prepared for illustrative purposes only and does not represent what our actual results would have been had the aforementioned transactions occurred on April 1, 2019, nor does it purport to project our results of operation at any future date. The Pro Forma Financial Information included in this Offering Memorandum has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act, IFRS or U.S. generally accepted accounting principles. Neither the adjustments nor the resulting Pro Forma Financial Information have been audited in accordance with French generally accepted accounting standards, International Accounting Standards or U.S. generally accepted accounting standards. In evaluating the Pro Forma Financial Information, you should carefully consider our audited historical consolidated financial statements included elsewhere in this Offering Memorandum.

The Pro Forma Financial Information is based upon available information and assumptions that we believe are reasonable but are not necessarily indicative of the results that would have actually been achieved if the aforementioned transactions had been completed on the dates indicated, or indicative of the results that may be achieved in the future. The Pro Forma Financial Information is provided for information purposes only.

### Segment reporting

Throughout this Offering Memorandum, we present our financial results by segment. These segments correspond to the Parent Guarantor's reporting segments in accordance with IFRS 8 "Operating Segments." Our operating segments consist of the following:

- *"Light Vehicle France"* segment, which includes the activities of:
  (i) the central purchasing units ("CPUs") dedicated to the supply of spare parts for Light Vehicle France to both our wholly-owned distributors and our network of affiliated independent distributors;

(ii) Logisteo, a central automated warehouse from which spare parts for Light Vehicle France are distributed, the other parts being supplied directly by the suppliers;

(iii) Cora, a logistics platform in France for spare parts for light vehicles, specialized in the body parts business;

(iv) ACR, a logistical platform for spare parts for light vehicles, with a strong exposure to online dealers;

(v) Mondial Pare-Brise, a specialist in the repair and replacement of windshields in France, acquired in 2017;

(vi) our network of wholly-owned distributors in France, who sell light vehicle spare parts to garages that provide repair and maintenance services for light vehicles; and

(vii) headquarters costs attributable to the Light Vehicle France segment.

- *"Trucks"* segment, which includes the activities of:

  (i) the CPUs, which are dedicated to the supply of spare parts for trucks to both our wholly-owned distributors and our network of affiliated independent distributors;

  (ii) Bremstar, a national platform for trucks;

  (iii) our network of wholly-owned distributors in France selling spare parts for trucks to garages that provide repair and maintenance services; and

  (iv) headquarters costs attributable to the Trucks segment.

- *"Light Vehicle International"* segment, which includes the activities of:

  (i) the Doyen Auto Group, which distributes light vehicle spare parts to various customers, including web dealers;

  (ii) Autodis Italia, which owns several acquired Italian companies (including Genfin S.r.l. and its subsidiaries constituting the G-Group ("G-Group"), acquired in June 2018);

  (iii) Geevers Auto Parts B.V. ("Geevers"), since June 2018;

  (iv) Verviers Freins, since October 2018; and

  (v) AD Bosch, since August 2019.

- *"Digital B2C"* segment, which include the activities of Oscaro, since November 2018.

Our operations in Poland, sold in August 2017, have not been included in the Light Vehicle International segment since the disposal thereof and are accounted for as discontinued operations in the financial statements for the year ended December 31, 2017, presented in this Offering Memorandum.

**Other financial measures**

This Offering Memorandum contains certain non-IFRS measures and ratios, including Adjusted EBITDA, Adjusted EBITDA excluding Digital B2C, Adjusted EBITDA—IFRS 16, Adjusted EBITDA margin, Adjusted EBITDA—IFRS 16 margin, Adjusted EBITDA excluding Digital B2C margin, Adjusted EBITDA organic growth, Revenue organic growth, Pro Forma Adjusted EBITDA, net operating cash flow, cash conversion and change in working capital (collectively, the "Non-IFRS measures") (each as defined by us) that are not required by, or presented in accordance with, SEC requirements, IFRS or the accounting standards of any other jurisdiction. We have included these measures because management uses them to measure operating performance in presentations to our directors and as a basis for strategic planning and forecasting, as well as for monitoring certain aspects of our cash flows from operating activities and liquidity. Our Non-IFRS measures are defined by us as follows:

- "Adjusted capital expenditure" represents capital expenditure excluding the one-off investments made in our new automated Logisteo platform. For a reconciliation of Adjusted capital expenditures to capital expenditures, see footnote 4 under "*Summary—Summary consolidated financial and other information*";
- "Adjusted EBITDA" represents operating income from ordinary activities before depreciation and amortization expenses (as included in our financial statements for the years ended December 31, 2017,

2018 and 2019, and for the three months ended March 31, 2019 and 2020) and (i) as adjusted for certain non-cash items and certain items we believe are non-recurring, or otherwise not reflective of the ongoing performance of our business, including start-up costs related to new businesses, income and expenses attributable to the implementation of our transformation plan, fees paid to our shareholders and exceptional one-off expenses related to professional conferences, and (ii) as further adjusted to eliminate the impact of IFRS 16 for the year ended December 31, 2019, and the three months ended March 31, 2019 and 2020. IFRS 16 ("Leases") became effective for periods beginning on or after January 1, 2019. Adjusted EBITDA for the years ended December 31, 2017 and 2018 is presented on a pre-IFRS 16 basis. Adjusted EBITDA is presented because we believe it is a relevant measure for assessing performance and cash flows and thus aids in understanding our profitability for a given period. For a reconciliation of Adjusted EBITDA to operating income from ordinary activities, see footnote 1 under "*Summary—Summary consolidated financial and other information*";

- "Adjusted EBITDA—IFRS 16" represents operating income from ordinary activities before depreciation and amortization expenses and (i) as adjusted for certain non-cash items and certain items we believe are non-recurring, or otherwise not reflective of the ongoing performance of our business, including start-up costs related to new businesses, income and expenses attributable to the implementation of our transformation plan, fees paid to our shareholders and exceptional one-off expenses related to professional conferences, and (ii) without eliminating the impact of IFRS 16 for the year ended December 31, 2019, and the three months ended March 31, 2019 and 2020. Adjusted EBITDA—IFRS 16 is presented because we believe it is a relevant measure for assessing performance and cash flows and thus aids in understanding our profitability for a given period. For a reconciliation of Adjusted EBITDA—IFRS 16 to operating income from ordinary activities, see footnote 1 under "*Summary—Summary consolidated financial and other information*";
- "Adjusted EBITDA margin," expressed as a percentage, is calculated as Adjusted EBITDA divided by revenue;
- "Adjusted EBITDA—IFRS 16 margin," expressed as a percentage, is calculated as Adjusted EBITDA—IFRS 16 divided by revenue;
- "Adjusted EBITDA organic growth" and "Revenue organic growth" between two periods (N and N-1) are determined as follows:
  - (a) in respect of acquisitions made in period N, by deducting, from the period N revenue and Adjusted EBITDA, revenue and Adjusted EBITDA, respectively, generated in period N by such acquisitions;
  - (b) in respect of acquisitions made in period N-1, by deducting from the period N and period N-1 revenue and Adjusted EBITDA, revenue and Adjusted EBITDA, respectively, generated in period N and N-1 by such acquisitions; and
  - (c) in respect of disposals, by deducting, from the period N and N-1 revenue and Adjusted EBITDA, the revenue and Adjusted EBITDA, respectively, generated by disposed activities made in period N and in period N-1 up to their disposal.

From time to time we acquire, sell or close individual sites or businesses as part of our ongoing network management. These transactions are considered not material over the historical period and are deemed to be part of organic growth;

- "cash conversion," expressed as a percentage, represents net operating cash flow divided by Adjusted EBITDA;
- "change in working capital" represents the change in inventories, trade payables, trade receivables and other receivables and payables;
- "net operating cash flow" represents Adjusted EBITDA, net of adjusted capital expenditure and including the change in working capital. For a reconciliation of net operating cash flow to Adjusted EBITDA, see footnote 5 under "*Summary—Summary consolidated financial and other information—Other financial and pro forma data*"; and
- "Pro Forma Adjusted EBITDA" represents Adjusted EBITDA—IFRS 16 after giving pro forma effect to the acquisitions made during the relevant period and the relevant synergies and cost saving measures. For a reconciliation of Pro Forma Adjusted EBITDA to operating income from ordinary activities, see footnote 1 under "*Summary—Summary consolidated financial and other information*."

We present Non-IFRS measures for informational purposes only. There can be no assurance that items we have identified for adjustment as non-recurring will not recur in the future or that similar items will not be incurred in the future. The calculations of the Non-IFRS measures are based on various assumptions and management estimates. These amounts have not been and, in certain cases, cannot be, audited, reviewed or verified by any independent accounting firm.

We present the Non-IFRS measures because we believe they are helpful to investors as measures of our operating performance and ability to service our debt and because our management uses these measures to assess our liquidity and operating performance. These measures should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

Our Non-IFRS measures have limitations as analytical tools. Our Non-IFRS measures may not give an accurate or complete picture of our results or transactions for the periods presented, may not be comparable to our consolidated financial statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision. The limitations with respect to our Non-IFRS measures include:

- they do not reflect our cash expenditures or future requirements for capital commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes and certain other taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations; and
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and the Non-IFRS measures do not reflect any cash requirements for such replacements.

Other companies in our industry may calculate the Non-IFRS measures differently than we do, which may limit their usefulness as comparative measures. Because of these limitations, our Non-IFRS measures and related ratios should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations or reduce our indebtedness. You should rely primarily on our IFRS results and use these Non-IFRS measures only as a supplement to evaluate our performance.

EBITDA, Adjusted EBITDA, Pro Forma Adjusted EBITDA, other EBITDA-based measures and/or financial ratios (including ratio of pro forma net financial debt to Pro Forma Adjusted EBITDA, ratio of pro forma net senior secured debt to Pro Forma Adjusted EBITDA and ratio of Pro Forma Adjusted EBITDA to pro forma net interest expense) may not be calculated in the same manner as comparable measures or ratios such as "Consolidated EBITDA," "Consolidated Net Leverage Ratio," "Consolidated Senior Secured Net Leverage Ratio" and "Fixed Charge Coverage Ratio" are calculated pursuant to the Indenture as described under "*Description of the Senior Secured Notes*" or for purposes of any of our other indebtedness.

**Restatements**

***Oscaro Goodwill Adjustments***

The results of Oscaro were integrated into our consolidated financial statements as of and for the year ended December 31, 2018, on the completion date of the acquisition of Oscaro, i.e. November 13, 2018. This period of one and a half month did not allow for a complete evaluation of Oscaro and a provisional goodwill was calculated and recorded on our balance sheet as of December 31, 2018, in accordance with IFRS 3 "Business combinations." The calculation of goodwill has been updated in our consolidated financial statements as of and for the year ended December 31, 2019, and as a result our balance sheet as of December 31, 2018, has been restated to give effect to this goodwill adjustment. See notes 4.1 and 4.3 to the audited consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2019, included in this Offering Memorandum for additional information.

**Rounding**

Certain numerical figures contained in this Offering Memorandum, including financial information, market data and certain operating data, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

Our financial statements are presented in euro rounded to the nearest hundred thousand. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding.

## Certain definitions

Unless otherwise specified or the context requires otherwise, in this Offering Memorandum references to:

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| "ACR" | means ACR Group S.A.S., a private limited liability company (*société par actions simplifée*) organized and existing under the laws of France with registered number 392 038 824 RCS Nanterre, having its registered office at Route du Môle, 2-3, 92230 Gennevilliers, France; |
| "AD Bosch" | means AD Bosch Recanveis SL (Spain), a 75.1% stake of which we acquired in August 2019; |
| "Affiliated Distributors" | means the independent affiliated distributors that are currently members of the Autodistribution VL network and/or the PL VL network through the signing of the AD VL and AD PL network charter (*Charte réseaux AD VL et AD PL*); |
| "Agents" | means the Paying Agent, the Transfer Agent and the Registrar; |
| "Autodistribution S.A.S." | means Autodistribution S.A.S., a private limited liability company (*société par actions simplifiée*) organized and existing under the laws of France with registered number 962 227 351 RCS Créteil, having its registered office at 22, avenue Aristide Briand, 94110 Arcueil, France; |
| "Authority" | means The International Stock Exchange Authority Limited; |
| "Bain Capital" | means Bain Capital Europe Fund IV, L.P. and its affiliates; |
| "Benelux" | means Belgium, Luxembourg and the Netherlands; |
| "CICE" | means the French tax credit for competitiveness and employment (*crédit d'impôt pour la compétitivité et l'emploi*); |
| "Clearstream" | means Clearstream Banking, *société anonyme*; |
| "Collateral" | means (i) a first-priority pledge of the share capital of LuxCo 6, (ii) a first-priority pledge of the capital stock, material bank accounts and material intragroup receivables of the Parent Guarantor, (iii) a first-priority pledge of the capital stock of the Issuer (other than certain *de minimis* shareholdings), (iv) first-priority security interests over certain assets of the Issuer, including the capital stock of Autodistribution S.A.S., Magenta Auto Pièces S.A. and SDFM S.A. held by the Issuer, its material bank accounts and its material intragroup receivables, and (v) a first-priority pledge of (A) the capital stock of Commerce Rechange Automobiles S.A.S., Cofirhad S.A.S. and AD Grand Ouest S.A.S. held by Autodistribution S.A.S., (B) Autodistribution S.A.S.'s material bank accounts and (C) Autodistribution S.A.S.'s material intragroup receivables, as described in "*Description of the Senior Secured Notes—Security*." The validity and enforcement of the Collateral is subject to certain restrictions under applicable laws. See "Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests"; |
| "Contingent Value Instruments" | means the 25,500,000 subordinated contingent value bonds issued by the Parent Guarantor on April 21, 2009 in connection with a restructuring of the Group, of which approximately 1,200,000 remain outstanding as of December 31, 2019, and have been unclaimed by their beneficiaries; |
| "Doyen Auto" | means Doyen Auto S.A. a limited liability company (*société anonyme*) organized under the laws of Belgium with its registered office located 1, Rue Charles Richet, 7180 Seneffe, Belgium and |

registered with the Crossroads Bank for Enterprises under number 0456.837.435;

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| "Doyen Auto Acquisition" . . . . . . . . . | means the acquisition of Doyen Auto by Autodistribution S.A.S., which was completed on September 30, 2016; |
| "Doyen Auto Group" . . . . . . . . . . . . . | means Doyen Auto and its subsidiaries; |
| "euro," "EUR" or "€" . . . . . . . . . . . . . | means the single currency of the participating member states in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; |
| "Euroclear" . . . . . . . . . . . . . . . . . . . | means Euroclear Bank SA/NV; |
| "European Union" or "EU" . . . . . . . . . | means the European economic and political union; |
| "Exchange" . . . . . . . . . . . . . . . . . . . | means The International Stock Exchange; |
| "Existing 2016 Senior Secured Notes Indenture" . . . . . . . . . . . . . . . . . . | means the indenture governing the Existing 2016 Senior Secured Floating Rate Notes and the Existing Senior Secured Fixed Rate Notes dated as of November 14, 2016, among, *inter alios*, the Issuer and the Trustee; |
| "Existing 2016 Senior Secured Floating Rate Notes" . . . . . . . . . . . . . . . . . | means the €443.0 million aggregate principal amount of the Issuer's Senior Secured Floating Rate Notes due 2022 issued under the Existing 2016 Senior Secured Notes Indenture on November 14, 2016, April 21, 2017, and July 11, 2018; |
| "Existing 2019 Senior Secured Notes Indenture" . . . . . . . . . . . . . . . . . . | means the indenture governing the Existing 2019 Senior Secured Floating Rate Notes dated as of February 7, 2019, among, *inter alios*, the Issuer and the Trustee; |
| "Existing 2019 Senior Secured Floating Rate Notes" . . . . . . . . . . . . . . . . . | means the Issuer's Senior Secured Floating Rate Notes due 2022 issued under the Existing 2019 Senior Secured Notes Indenture on February 7, 2019, of which €138.0 million will remain outstanding on the Issue Date following the Existing 2019 Senior Secured Floating Rate Notes Redemption; |
| "Existing 2019 Senior Secured Floating Rate Notes Redemption" . . . . . . . . . | means the redemption of €37.0 million aggregate outstanding principal amount of the Existing 2019 Senior Secured Floating Rate Notes, which is expected to occur on or around the Issue Date; |
| "Existing Senior Secured Fixed Rate Notes" . . . . . . . . . . . . . . . . . . . . . | means, the €260.0 million 4.375% Senior Secured Notes due 2022 issued under the Existing 2016 Senior Secured Notes Indenture, the entire aggregate outstanding principal amount of which will be redeemed pursuant to the Existing Senior Secured Fixed Rate Notes Redemption; |
| "Existing Senior Secured Fixed Rate Notes Redemption" . . . . . . . . . . . . | means the redemption of the entire aggregate outstanding principal amount of the Existing Senior Secured Fixed Rate Notes, which is expected to occur on or around the Issue Date; |
| "Existing Senior Secured Floating Rate Notes" . . . . . . . . . . . . . . . . . . . . . | means the Existing 2016 Senior Secured Floating Rate Notes and the Existing 2019 Senior Secured Floating Rate Notes; |
| "Existing Senior Secured Notes Indentures" . . . . . . . . . . . . . . . . . . | means the Existing 2016 Senior Secured Notes Indenture and the Existing 2019 Senior Secured Notes Indenture; |

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| "first-priority" security interest | means a security interest that is on a first-priority basis (including a junior-ranking or lower-ranking security interest which the Intercreditor Agreement provides will be treated on a contractual first-priority basis) and rank *pari passu* with certain other security interests over the same Collateral; |
| "Guarantors" | means, collectively, the Parent Guarantor and the Subsidiary Guarantor; |
| "IFRS" | means the International Financial Reporting Standards as adopted by the European Union; |
| "Indenture" | means the indenture governing the Notes to be dated as of the Issue Date by and among, *inter alios*, the Issuer, the Guarantors, the Trustee and the Security Agent; |
| "Initial Purchasers" | means, collectively, Citigroup Global Markets Limited, BNP Paribas, Société Générale, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, J.P. Morgan Securities plc and Morgan Stanley & Co. International plc; |
| "Intercreditor Agreement" | means the intercreditor agreement dated as of January 31, 2014, as amended from time to time, by and among, *inter alios*, the lenders and agents under the Revolving Credit Facility, certain hedge counterparties, the Issuer, U.S. Bank Trustees Limited, as notes trustee for the Notes (upon accession) and the Existing Senior Secured Floating Rate Notes, and U.S. Bank Trustees Limited, as security agent; |
| "Issue Date" | means the date on which the Notes will be delivered in book-entry form through a common depositary for Euroclear and Clearstream; |
| "Issuer" | means Parts Europe S.A. (formerly Autodis S.A.), a public limited liability company (*société anonyme*) organized and existing under the laws of France with registered number 086 380 706 RCS Créteil, having its registered office at 22, avenue Aristide Briand, 94110 Arcueil, France; |
| "Luxembourg" | means the Grand Duchy of Luxembourg; |
| "LuxCo 5" | means Dakar (BC) Luxco S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, whose registered office is at 4 rue Lou Hemmer, L-1748 Luxembourg-Findel, Grand Duchy of Luxembourg and registered with the Register of commerce and companies of Luxembourg under number B199994; |
| "LuxCo 6" | means Dakar Acquisition S.A., a public limited company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, whose registered office is at 4 rue Lou Hemmer, L-1748 Luxembourg-Findel, Grand Duchy of Luxembourg and registered with the Register of commerce and companies of Luxembourg under number B201035; |
| "Luxembourg Security Providers" | Means LuxCo 5 and LuxCo 6; |
| "Member States" | means the member states of the European Union; |
| "Notes" | means the €300.0 million aggregate principal amount of the Issuer's % Senior Secured Notes due 2025 offered hereby; |
| "Offering" | means the offering of the Notes pursuant to this Offering Memorandum; |
| "Oscaro" | means Oscar Holding S.A.S., a private limited liability company (*société par actions simplifiée*) organized and existing under the laws of France, and its subsidiaries; |

| | |
|---|---|
| "Parent Guarantor" | means Parts Holding Europe S.A.S. (formerly Autodis Group S.A.S.), a private limited liability company (*société par actions simplifiée*) organized and existing under the laws of France with registered number 488 077 165 RCS Créteil, having its registered office at 22, avenue Aristide Briand, 94110 Arcueil, France; |
| "Paying Agent" | means Elavon Financial Services DAC, as paying agent under the Indenture; |
| "PGE Loan" | has the meaning ascribed to it in "*Recent Developments—COVID-19 related financing*"; |
| "qualified institutional buyer" or "QIB" | has the meaning ascribed to such terms in Rule 144A under the U.S. Securities Act; |
| "Refinancing" | has the meaning ascribed to it in "*Summary—The Refinancing*"; |
| "Registrar" | means Elavon Financial Services DAC, as registrar under the Indenture; |
| "Regulation S" | means Regulation S under the U.S. Securities Act; |
| "Revolving Credit Facility" | means the senior secured revolving credit facility established under the Revolving Credit Facility Agreement, which is described in more detail in "*Description of certain financing arrangements—Revolving Credit Facility Agreement*"; |
| "Revolving Credit Facility Agreement" | means the revolving facility agreement entered into on November 12, 2015, by and among, *inter alios*, LuxCo 5, LuxCo 6, J.P. Morgan Limited, Credit Suisse International and BNP Paribas S.A. as mandated lead arrangers, the original lenders (as named therein), the agent (as named therein) and U.S. Bank Trustees Limited as security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time; |
| "Rule 144A" | means Rule 144A under the U.S. Securities Act; |
| "Security Agent" | means U.S. Bank Trustees Limited, as security agent under the Indenture; |
| "Security Documents" | has the meaning ascribed to it in "*Description of the Senior Secured Notes—Certain definitions*"; |
| "Subsidiary Guarantor" | means Autodistribution S.A.S.; |
| "Transfer Agent" | means Elavon Financial Services DAC, as transfer agent under the Indenture; |
| "truck" | means trucks, trailers, tractors and buses; |
| "Trustee" | means U.S. Bank Trustees Limited, as trustee for the Notes; |
| "United States" or "U.S." | means the United States of America; |
| "us," "Group," "our" or "we" | means the Parent Guarantor and its subsidiaries, unless where expressly stated otherwise or where the context requires otherwise; |
| "U.S. dollar," "USD," "U.S.$" or "$" | means the lawful currency of the United States. |
| "Verviers Freins" | means Verviers Freins S.A.; and |
| "Western Europe" | means Benelux, France, Germany, Italy and Spain and does not include the United Kingdom. |

## Glossary of technical terms

The following technical terms and abbreviations when used in this Offering Memorandum have the definitions ascribed to the opposite below, except where otherwise indicated:

| | |
|---|---|
| **"CAGR"** | means compound annual growth rate; |
| **"Car parc"** | means the number of cars on the road; |
| **"Core aftermarkets"** | the "core" Western European light vehicle spare parts distribution aftermarket excludes tires, oil, accessories and consumables. The "core" truck spare parts distribution and repair aftermarket in France includes distribution of spare parts and repair and maintenance services and does not include OEM parts sales, labor and workshop margins on spare parts; |
| **"CPUs"** | means central purchasing units responsible for procurement on a centralized basis; |
| **"CRM"** | means customer relationship management; |
| **"IAM"** | means independent aftermarket; |
| **"IAM distributor"** | means an independent aftermarket distributor; |
| **"jobbers"** | means an intermediary in the distribution chain between distributors and garages, for example a *ricambisti* in the context of the Italian market; |
| **"OE"** | means original equipment, which refers to parts typically offered by car manufacturers carrying their brand; |
| **"OE distributor"** | means a distributor of original equipment; |
| **"OEM"** | means original equipment manufacturer, which refers to parts produced by automotive equipment manufacturers that produce parts for car manufacturers and sold directly to consumers, rather than through the car manufacturers; |
| **"OES"** | means original equipment supplier; |
| **"SKUs"** | means stock-keeping units, which are used in inventory management to identify a product; |
| **"Urban Master Center"** | means a Mondial Pare-Brise workshop dedicated to serving clients in a large urban area; |

## Exchange rate information

The table below sets forth the period end, average, high and low Bloomberg (London) Composite Rate, expressed as U.S. dollars per €1.00, for the periods and dates indicated. The rates below may differ from the actual rates used in the preparation of our consolidated financial statements and the other financial information appearing in this Offering Memorandum. The figure in the "Average" column for the annual presentation represents the average noon buying rate on the last business day of each month during the relevant period. The figure in the "Average" column of the monthly presentation represents the average daily noon buying rate for each business day during the relevant period. Our inclusion of these exchange rates is not meant to suggest that the euro amounts actually represent such dollar amounts or that such amounts would have been converted at a particular rate, if at all.

The Bloomberg Composite Rate of the euro on July 6, 2020 was U.S.$ 1.1310 per €1.00.

| | U.S. dollar per €1.00 | | | |
|---|---|---|---|---|
| | **High** | **Low** | **Average** | **Period End** |
| **Year** | | | | |
| 2015 | 1.2010 | 1.0492 | 1.1096 | 1.0866 |
| 2016 | 1.1527 | 1.0384 | 1.1069 | 1.0547 |
| 2017 | 1.2026 | 1.0427 | 1.1300 | 1.2022 |
| 2018 | 1.2492 | 1.1245 | 1.1811 | 1.1452 |
| 2019 | 1.1533 | 1.0903 | 1.1195 | 1.1229 |
| **Monthly** | | | | |
| February 2020 | 1.1083 | 1.0792 | 1.0914 | 1.1001 |
| March 2020 | 1.1463 | 1.0667 | 1.1050 | 1.0971 |
| April 2020 | 1.0965 | 1.0787 | 1.0867 | 1.0937 |
| May 2020 | 1.1098 | 1.0782 | 1.0902 | 1.1098 |
| June 2020 | 1.1374 | 1.1136 | 1.1258 | 1.1234 |
| July 2020 (through July 6, 2020) | 1.1310 | 1.1239 | 1.1262 | 1.1310 |

## SUMMARY

*The following summary highlights selected information from this Offering Memorandum. The summary does not contain all the information you should consider before you invest in the Notes and should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in this Offering Memorandum. See "Risk factors" and "Management's discussion and analysis of financial condition and results of operations" for additional factors that you should consider before investing in the Notes.*

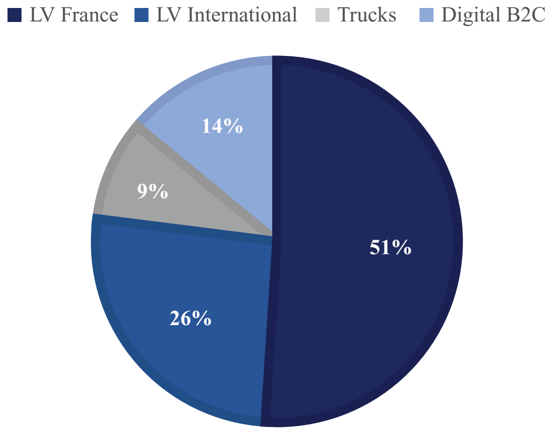
### Overview

We are a leading aftermarket light vehicle spare parts distributor and truck spare parts distributor and repairer in Western Europe, mainly active in France, Benelux, Italy and Spain, with over 55 years of experience. Since the acquisition of Oscaro in November 2018, we have become an "omni-channel" (online and offline) distributor in the business-to-business ("B2B"), business-to-consumer ("do it yourself") ("B2C (DIY)") and business-to-consumer ("B2C") segments. We hold strong regional positions in favorable markets, supported by our unique operational model and value-added services proposition, our history of organic growth and value-accretive acquisition-led growth as well as our strong financial profile. For the twelve months ended March 31, 2020, we generated revenue of €1,782.9 million, an Adjusted EBITDA—IFRS 16 of €197.8 million and a Pro Forma Adjusted EBITDA of €219.9 million.

In December 2019 a novel strain of coronavirus SARS-CoV-2, causing a disease referred to as COVID-19 ("COVID-19"), was reported in Wuhan, China. The coronavirus has since spread, and infections have been found in the vast majority of countries around the world, including throughout Europe. Following an increase in sales and Adjusted EBITDA for the two months ended February 29, 2020, compared to the same period in 2019, our revenue and Adjusted EBITDA declined sharply in the second half of March 2020 and in April 2020 as a result of the lockdown measures implemented in connection with the COVID-19 pandemic in the markets in which we operate. Notwithstanding, the IAM has showed structural resilience during this period, supported by strong market fundamentals such as the non-discretionary nature of the services we provide combined with a low risk of trading down from end-customers since spare parts available in the IAM are more affordable. In May 2020, when the lockdown measures impacting our markets were progressively eased, our revenue and Adjusted EBITDA recovered to a level comparable to May 2019. In June 2020, we continued to benefit from the easing of the lockdown measures in our geographies and our revenue and Adjusted EBITDA increased compared to June 2019. Financial information for any period following March 31, 2020, is based on management accounts, which have not been audited or reviewed. See "*Recent Developments*," "*Forward-looking Statements*" and "*Risk factors—Risks related to our business—Any outbreak of severe communicable diseases, including COVID-19, may materially affect our business and results of operations*."

We are the market leader in the light vehicle IAM in France, with the largest independent single-branded distribution network and 29% market share (in terms of revenue) in 2018, and in the truck IAM in France, with the largest independent distribution network and 18% market share (in terms of revenue) in 2018. We also hold leading positions around the rest of Western Europe and, in 2018, we were the second largest light vehicle IAM distributor in both Belgium and Italy (21% and 4% market share, respectively), the fourth largest light vehicle IAM distributor in the Netherlands (5% market share). We entered the Spanish light vehicle IAM with the acquisition of 75.1% of AD Bosch in 2019, a leading B2B distributor in Catalonia with approximately 27 sites as of December 2019, and a member of AD Parts, the leading light vehicle IAM distributor in Catalonia, Spain, with 30% market share in 2018.

We operate our business through four operational segments which address the light vehicle independent aftermarket in France (“Light Vehicle France”), certain light vehicle independent aftermarkets in Benelux, Italy and Spain (“Light Vehicle International”), the digital activities of Oscaro (“Digital B2C”) and the truck independent aftermarket in France (“Trucks”). The pie charts below show the breakdown of our revenue by segment for the year ended December 31, 2019.




Our distribution is carried out by a variety of wholly-owned distributors, AD-affiliated distributors and local wholesale distributors who distribute our products to a variety of customers, including AD-branded garages, independent garages, retail locations and online players. Our operational model is founded on our excellent relationships with suppliers, state-of-the-art fully-integrated logistical platforms, an extensive Western European distribution network and a broad and loyal base of customers to which we deliver a wide range of value-added services.

## Our strengths

### *Leader in the resilient, predictable and structurally growing Western European market*

We are the market leader in the light vehicle IAM in France (29% market share in 2018 in terms of revenue) and we hold leading positions around Western Europe (based on a study commissioned by us in 2019). In 2018, we were the second largest light vehicle IAM distributor in both Belgium and Italy and the fourth largest light vehicle IAM distributor in the Netherlands and we entered the Spanish light vehicle IAM with the acquisition of 75.1% of AD Bosch in 2019, the leading light vehicle IAM distributor in Catalonia, Spain. We operate in the Western European light vehicle distribution “core” aftermarket that is structurally resilient in the face of macroeconomic factors that impact the broader automotive industry and distribution markets. While new car sales tend to fluctuate with economic cycles, the light vehicle distribution core aftermarket benefits from a steadily growing installed car parc and the recurring need for maintenance and repairs to be made to the existing car parc, irrespective of downturns in the economy. New car sales only account for a small portion of the overall car parc. Approximately 2.6 million new cars were sold in France in 2018, compared with a car parc of approximately 38 million cars in total. Moreover, in economic downturns customers generally favor IAM distributors, such as us, over OE distributors due to longer car ownership, as new car sales decrease, as well as increased price-sensitivity. For example, after a sharp decline at the end of March and beginning of April 2020, the French light vehicle spare parts market showed resilience and a significant recovery at the beginning of May 2020, also due to a generalized decline in the use public transport as a result of the COVID-19 pandemic, which favored car usage.

The IAMs in which we operate show particular strength and growth potential due to two long-term market dynamics: a stable, slightly increasing Western European car parc and an increase in average vehicle age which are expected to drive growth in the number of cars that need service by light vehicle IAM distributors like us in the coming years. Between 2014 and 2018, the Western European light vehicle distribution core aftermarket grew at a CAGR of 1.9%, driven in part by an increase in the size of the car parc, while the Western European light vehicle IAM grew more quickly and gained market share, at a CAGR of 2.9%. The French light vehicle distribution core aftermarket revenues and light vehicle IAM revenues are forecast to grow by 1% and 1.6% over the 2018 to 2025 period. The Western European light vehicle IAM is also expected to continue outperforming both the broader market and its OE car dealer network competitors in the 2018 to 2025 period. The existing car parc’s age and mileage increase due to growing mobility needs, including car sharing or long-term leasing, and increasing the need for maintenance and repair. In France, the average mileage per passenger vehicle has grown steadily by approximately 1% per year over the 2011-2016 period. We believe that we will be well positioned to take advantage of this evolution of mobility as distributors associated with a large garage network, such as us, are expected to be partners of choice of fleet managers.

Light vehicle IAM distributors also have the benefit of a high level of visibility in terms of the future addressable market of cars needing service and repair. The addressable market for the light vehicle IAM is cars aged over five years. Generally, cars aged under five years are covered by warranty and maintenance contracts and are predominantly serviced by OE car dealer networks. As a result, we can project the size and composition of the car parc that will require service in the five to ten-year range because car parc size, vehicle types and installed technology are known from the point of production. We generally service cars over a long period of time (from five to twenty years), which may require multiple repairs and parts replacements over their lifespan. We distribute parts for cars that span the entire car parc, covering a wide range of makes and models, giving us a wider addressable market compared to our OE car dealer network competitors who generally distribute parts for cars from just one manufacturer.

***Well-known light vehicle and truck spare parts distributor with critical scale in a fragmented Western European market***

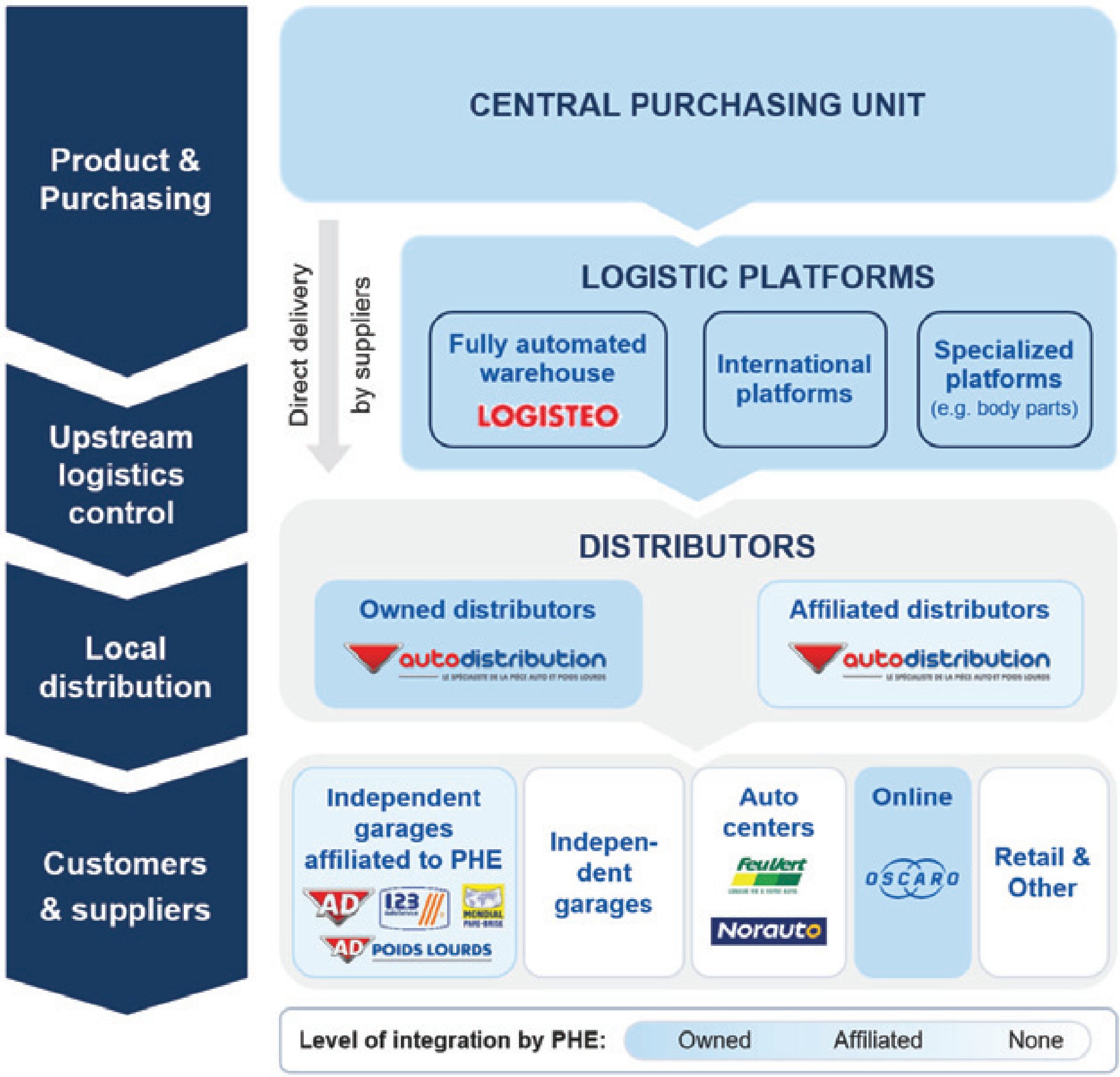
In addition to the Western European light vehicle distribution core aftermarket being highly attractive, economies of scale favor larger distributors such as ourselves. Extensive logistics, technology and network investments are necessary to service a broad and fragmented customer base seeking the supply of several million SKUs for rapid and continuous delivery and the difficulty in building sufficient brand awareness and long-term relationships with suppliers that are necessary to negotiate competitive pricing. As a result, suppliers can secure more business when going through us to distribute their products as they can access a wide range of customers, and therefore they also benefit from our scale. The necessary investments to deliver economies of scale in our market also present a barrier to entry to competitors in a currently fragmented market. The Western European light vehicle distribution core aftermarket is fragmented with the top 10 players in Europe representing approximately 17% of the market in 2018, which also provides significant potential for consolidation, giving an edge to large distributors, such as ourselves, who are able to service the entire value chain and make strategic acquisitions.

The increasing technical complexity of spare parts in the automotive industry is also favorable to us. The higher complexity and value of repair operations are difficult to manage by small independent aftermarket players without support and technical assistance from expert distributors such as ourselves and drives a strong and structural increase in spare parts prices and margins. Future technological evolutions are partly driven by the increasing popularity of hybrid and electric vehicles and of mobility and connectivity services. We forecast that 5.1% of addressable cars will be electric or hybrid by 2030. We also believe that by 2030 up to 1.1% of addressable cars will benefit from automated driving systems which will result in higher prices of components for these vehicles. Furthermore, as a result of the focus on safety and aesthetics, light vehicle body parts have improved in quality, from steel-made to aluminum and carbon fiber-made products, which has also increased prices of the body parts that we distribute. A carbon fiber bumper, for example, is four times more expensive than the current glass fiber bumpers.

We are able to combine the significant advantage of having a well-known and trusted core brand with the ability to use affiliated garage networks to target specific markets. Our superior brand awareness is evidence of our strong positioning in the IAMs in which we operate. According to an independent third-party survey conducted in France in 2017, the "Autodistribution" brand enjoyed the highest brand awareness among its light vehicle distributor peers in France, with 92% brand awareness (including unprompted awareness of 74% and prompted awareness of 18%). The second ranking player in France had only 37% brand awareness. The "Autodistribution" brand also had a net promoter score of 59% in 2017; the two second ranking players had net promoter scores of 31%.

***Differentiated and successfully integrated omni-channel business model***

One of our key strengths is our control over the value chain through our omni-channel operational model that delivers superior product availability and best-in-class delivery lead times. Our distribution is carried out by a variety of wholly-owned distributors, AD-affiliated distributors and local wholesale distributors who distribute our products to a variety of customers, including AD-branded garages, independent garages, retail locations and online players. Our ability to control the value chain from suppliers, through logistics and distribution, to customers has a strong impact on margins. For example, our automated platforms enable us to centralize more flows, which in turn generates logistics fees from suppliers. Generally, the logistics fees we charge to suppliers are greater than the logistics costs we incur. Our unique operational model is founded on our long-standing relationships with suppliers, state-of-the-art fully-integrated logistical platforms and an extensive Western European distribution network. We have a broad and loyal customer base to whom we deliver a wide range of value-added services. We have also been able to adapt this business model to the markets in which we operate. We have also been able to adapt this business model to our markets in Belgium and Italy, where distribution is organized in three steps with "jobbers" acting as intermediaries between distributors and B2B end-customers (these jobbers are our direct customers instead of garages).




Our model is based on the distinctive, dual proposition of distributing products to customers coupled with providing value-added services (many of which are digital or online services) to both suppliers and customers. To suppliers, our scale offers a unique access to a wide, diversified and fragmented customer base, which suppliers are not able to efficiently address themselves. We have built long-term relationships and enjoy significant purchasing power with a strategically concentrated group of suppliers, with whom we can leverage our scale to obtain excellent purchasing conditions for our CPUs. Through this supplier concentration strategy, we have rationalized our supplier relationships, reducing our number of suppliers from 293 in 2010 to approximately 260 in 2019. We also offer suppliers a number of value-added services, such as marketing support and access to our state-of-the-art automated warehousing capabilities which allow suppliers to arrange deliveries to a single delivery point.

To customers, we provide a comprehensive product offering and best-in-class delivery times (h+2 delivery time on 90% of B2B customer demand) combined with value-added services, such as commercial, technical and training support, strong and integrated branding and online tools. As a result of our combined product and services offerings, we are a "one-stop" shop to our customers, which we believe strengthens customer loyalty and drives market share gain. Unlike many of our competitors, our product range is not limited to certain OEM or original equipment suppliers ("OES") parts or to certain types of products. Our product offering covers approximately 600,000 SKUs (excluding Oscaro) across the spare parts universe, including repair and maintenance parts, body parts, repairer equipment, oil, tires, consumables and accessories. Additionally, we have developed our own private label brands: ISOTECH, Xenergy and Requal, which allow us to offer premium grade products approximately 20% to 30% cheaper than our OEM counterparts and to efficiently target the older part of the car parc which is subject to a higher price sensitivity. The ongoing centralization of sourcing across our private label brands allows us to generate higher margins on our private label products compared to third-party branded products, despite the lower price of the former. We are also well positioned to address mobility shifts, in particular with our customers involved in fleet management, through which public fleets play an increasingly important role. With our state-of-the-art logistics platforms and extensive range of value-added customer service solutions, we are well positioned to meet the needs of fleet operators who look to external supply and fleet management on a large scale.

In recent years, we have been systematically improving our distribution models for our Light Vehicle France and Trucks segments, thereby complementing our supplier concentration strategy and strategic investments in our automated logistics platforms. We are currently finalizing the implementation of a new distribution model for our Trucks segment which has allowed us to grow our network of affiliated garages and to reorganize our former network of 125 distribution sites around 10 regional warehouses as of December 31, 2019, which can better focus on distribution to local sites, owned and independent garages and integrated workshops. As a result of this reorganization, we have been able to better utilize our large network and unique range of value-added services to meet customer demand and we became the only player in the French truck spare parts market able to serve our full range of customers with two daily deliveries made within four hours.

***Comprehensive approach to digital solutions in the B2B market***

A number of our services to suppliers and customers are digital or online services, including our B2B online order portals, such as Autossimo, Truckissimo and Salto, and our e-book, online training offerings (through Grup Eina) and multi-brand online diagnostic tool (Diag'issimo). Our B2B car repair and maintenance portals increase the integration of our distribution business with our technical support capacities, helping us increase customer loyalty. We also offer online tools for our customers' clientele, such as the ID Garages online portal, which allows drivers to schedule maintenance appointments, compare prices and receive quotes for work to be performed on their vehicles. These services and tools enable our customers to expand their business.

Our approach to capturing the advantages created by an increasingly digitalized ecosystem stretches across every level of our business. We use digital tools to bolster our value-added services offering to suppliers and customers, expand our product offering, address a growing online customer base and digitize our operational model. We therefore believe we are well-positioned to benefit from the increasing importance of the digital marketplace, which is the fastest growing independent aftermarket distribution channel in France and grew at a CAGR of 11.4% between 2014 and 2018.

We have also made deep and long-standing investments to increase our web dealer customer base and gain exposure to the online distribution market. As part of this strategy, we acquired ACR in 2014 and Doyen Auto in 2016, two distribution platforms dedicated to web dealers. We accelerated this market penetration strategy at the end of 2018 with the acquisition of Oscaro.

***Strong growth potential through our B2C (DIY) and B2C businesses***

In November 2018, we became a direct player in the web dealer market and entered into the online B2C distribution market through our opportunistic acquisition of Oscaro, the leader in online sales of light vehicle spare parts in France. Oscaro's acquisition allowed us to become a truly "omni-channel" distributor in France and the only multichannel B2C (DIY) player in the independent aftermarket auto parts distribution sector in Europe. In 2019, we served approximately 2.5 million customers in France, Spain, Belgium and Portugal, received approximately 12,000 orders a day and a portfolio of approximately 1 million SKUs through Oscaro. Oscaro has a strong leadership in the growing French online light vehicle spare parts aftermarket with an approximate market share of over 47% in 2019, mainly due to its customer loyalty and high brand awareness.

Oscaro was the first entrant in the online distribution market in France and benefits from an outstanding brand awareness in France due to its compelling value proposition and expertise (approximately 62% awareness, which is more than three times as much as its closest competitor on the online distribution market).

Oscaro's leading market share, superior purchasing terms and, following its integration within the Group, competitive price strategy positions it well to compete against generalist online players. The automotive spare parts distribution business requires a very detailed product offering, a highly technical catalog and data repository, to address a wide range of parts for a multitude of vehicles of various brands, that generalist online players have difficulty offering as they primarily focus on consumables. In addition, they cannot replicate the purchasing terms we obtain through our win-win partnerships with suppliers.

***Successful track record of delivering organic growth supported by accretive acquisition strategy,***

With over 55 years of experience in our industry, we have built the relationships, infrastructure and know-how that we believe are critical to success in the Western European light vehicle and truck IAMs. Our revenue grew from €968.6 million in the year ended December 31, 2015, to €1.8 billion in the year ended December 31, 2019, with an average organic growth of approximately 3.5% per annum over the period. Over the same period, profitability also grew. In the year ended December 31, 2015, Adjusted EBITDA was €83.1 million and Adjusted EBITDA margin was 8.6%. In the year ended December 31, 2019, Adjusted EBITDA—IFRS 16 increased to €202.0 million and Adjusted EBITDA—IFRS 16 margin was 11.2%. The average organic growth in Adjusted EBITDA was approximately 6.3% per annum over the 2015 to 2019 period.

Our organic growth has been supported by various factors, such as the development of our distribution model (which has bolstered our offering to customers, thus leading to market share gains), our exposure to fast-growing channels (such as web dealers), our successful recruiting of new branded garages, the development of our private-label offers, improved purchasing conditions obtained through our supplier concentration strategy and our distribution network optimization strategy. In recent years we have demonstrated stable organic growth overall, particularly in the resilient light vehicle IAM, as a result of good purchasing conditions with suppliers, network rationalization, recruitment of approximately 70 AD branded garages (net) per year from 2010 to 2019 with a churn rate of less than 5% and the disposal of non-core assets. Our model is based in part on the delivery of value-added services to both suppliers and customers. These value-added services not only generate fees from suppliers but also promote loyalty from customers, helping us grow our market share.

In addition, we have a strong track record of pursuing value-enhancing acquisitions and successfully realizing synergies with such targets. In the past six years, we have made 13 sizeable acquisitions. We acquired over €800 million in revenue through acquisitions since 2014, of which the 2014 acquisition of ACR in France accounted for approximately €92 million, the 2016 acquisitions of Doyen Auto in the Netherlands and Automax in France collectively accounted for approximately €174 million, the 2017 acquisitions of ADB in Belgium, OVAM, Top Car and Ricauto in Italy and Mondial Pare-Brise in France collectively accounted for approximately €147 million, the 2018 acquisitions of Geevers in the Netherlands, G-Group in Italy, Verviers Freins in Belgium and Oscaro in France collectively accounted for approximately €355 million and the 2019 acquisition of AD Bosch in Spain accounted for an annualized revenue of approximately €62 million.

Each of these acquisitions has been supported by a clear external growth strategy focused on neighboring European countries with similar car parcs to France and targeting strong local leaders with potential to quickly generate purchasing synergies, align interests with management, expand the reach of our operations and increase exposure to fast-growing segments and markets. We have a strong track record of successful integrations in our Group, and our acquisitions have demonstrated favorable pre- and post-synergy EBITDA acquisition multiples (calculated as enterprise value divided by EBITDA) as well as our ability to grow revenue and EBITDA following an acquisition:

- *ACR*: pre-synergy EBITDA acquisition multiple of approximately 8x, as compared with post-synergy multiple of approximately 4x;
- *Doyen-Auto*: pre-synergy EBITDA acquisition multiple of approximately 12x, as compared with post-synergy multiple of approximately 5x;
- *Mondial Pare-Brise*: pre-synergy EBITDA acquisition multiple of approximately 9x, as compared with post-synergy multiple of approximately 6x; and
- *OVAM, Ricauto and Top Car*: pre-synergy EBITDA acquisition multiple of approximately 10x, as compared with post-synergy multiple of approximately 7x.

In addition, we implemented various initiatives following our acquisition of Oscaro and brought Oscaro back to profitability in the third quarter of the year 2019 and reaching positive EBITDA for the full year 2019. These initiatives were part of a comprehensive turnaround plan addressing Oscaro's key issues through increased client communication, PR and marketing spend and the implementation of full client and suppliers overdue payment and full customer refund plans. In addition to these immediate actions taken following the acquisition of Oscaro, we sought to further enhance Oscaro's profitability through purchasing synergies, supply chain and delivery optimizations and competitive pricing. We also sought to increase Oscaro's integration to our Group's culture and governance by strengthening its management team and implementing clear processes.

***A strong financial profile delivering an attractive combination of resilient growth, margin improvement, low capital expenditure and high cash conversion***

We have grown our revenue from €968.8 million in the year ended December 31, 2015, to €1.8 billion in the year ended December 31, 2019. This reflects a CAGR of 17.0% between the year ended December 31, 2015 and 2019, with average organic growth of approximately 3.5% per annum over the 2015 to 2019 period.

We increased our Adjusted EBITDA from €83.1 million in the year ended December 31, 2015, to €154.4 million in the years ended December 31, 2019. Pro forma Adjusted EBITDA for the twelve months ended March 31, 2020, which illustrates the effects that acquisitions would have had if such acquisitions had taken effect on April 1, 2019 was €219.9 million.

We operate a business model that requires a relatively low capital expenditure, using rented facilities without needing to own or maintain extensive physical infrastructure. During the year ended December 31, 2019, our capital expenditures amounted to 2.2% of our revenue and consisted of maintenance expenditures for our distribution facilities and upgrades to our sales and warehouse IT management systems. Our low level of capital expenditures has been stable in recent years, with capital expenditure for the years ended December 31, 2017, 2018 and 2019, at 2.2%, 2.2% and 2.2% of revenue, respectively (excluding Logisteo for the year ended December 31, 2017). Our low levels of maintenance capital expenditure requirements have allowed us to invest in our business in order to maintain our leading market positions and improve operating efficiency, as well as achieve deleveraging through EBITDA growth and cash generation. Our cash conversion rate was 47.4% for the year ended December 31, 2019, as compared with 89.9% and 50.9% in the years ended December 31, 2017 and 2018, respectively.

***Experienced and successful management team with strong support from our sponsor***

We operate under the stewardship of an experienced and successful management team with a proven track record in European B2B distribution and international expansion, coupled with a supportive sponsor. Our CEO, Mr. Stéphane Antiglio, and CFO, Mr. Christophe Gouthière, have a proven track record in developing and implementing turnaround and growth strategies. Mr. Stéphane Antiglio is the former CEO of Pomona Passion Froid, the frozen food distribution branch of Pomona. Mr. Christophe Gouthière was previously European CFO of the Dole Group, a leading distributor of fresh fruit and vegetables. Our CEO and CFO are supported by an experienced management team and, together, they have successfully implemented profit improvement initiatives and integrated thirteen new businesses into the Group in the last seven years. For example, our management team successfully integrated ACR in 2014 and Doyen Auto in 2016, realizing higher purchasing and cost savings and revenue enhancements than those identified at the time ACR and Doyen Auto were acquired. Our management team has also delivered consistent organic growth while expanding margins, rolling out the implementation of Logisteo and pursuing successful expansion into new geographies, products and channels.

Additionally, our management team has implemented a comprehensive and sustainable human resources policy aimed at achieving the right balance of a profitable business mindset, global strategy and cooperative social environment and we were awarded the "2019 Best Employer" distinction by the French magazine Capital in 2018. We believe that the success of our management team in completing our profit improvement plan and returning our business to profitable growth since 2010 has laid a solid foundation for further growth and increased profitability. The support, investment experience and sector expertise of our sponsor, Bain Capital, supplement the leadership and expertise of our management team.

**Our strategy**

Our strategy is to continue growing organically by leveraging our history of operational excellence that focuses on offering a superior supplier and customer experience, to become the key consolidator in the fragmented markets in which we operate by using our proven approach to M&A and to develop our online segment and our position as a fully multi-channel player.

In terms of organic growth, we intend to grow revenues and continue to outperform the markets in which we operate by continuing to apply and enhance our operational model based on a fully-integrated supply chain and the distinctive suite of value-added digital and commercial services that we offer to our customers and suppliers. In particular, we intend to capitalize on our value-added services in order to differentiate ourselves from our competitors, increase customer loyalty and gain market share.

In terms of M&A-led growth, we are focused on improving Adjusted EBITDA in terms of absolute value and Adjusted EBITDA margin. In order to do this, we put increasing focus on executing value-accretive M&A transactions and successfully and efficiently integrating acquired businesses into the Group.

In terms of our multi-channel approach, we intend to continue to grow our online product offering in France and in other markets and to strengthen our position in the B2C (DIY) segment.

***Continue to reinforce our distribution models to gain market share on the French light vehicle IAM***

In recent years, we have been systematically improving our distribution model for our Light Vehicle France segment, thereby complementing our supplier concentration strategy and strategic investments in our automated logistics platforms. We aim to improve operational efficiency, enhance customer service, rationalize flows and optimize inventory and warehousing. We focus on offering higher availability of more SKUs at the regional level, while maintaining excellent delivery times.

For example, since 2014, we have redesigned and refined our Light Vehicle France distribution model, moving from a large number of delivery sites acting as intermediaries between suppliers and our logistics platforms and garage customers, to a more precisely deployed network of regional pivot sites that connect suppliers and our logistics platforms with local delivery sites, which are strategically located to address customer demand. A key component of this strategy is our ongoing efforts to grow our affiliated network of garages. In 2017, we further enhanced our Light Vehicle France distribution model by introducing a fully automated national logistic platform (Logisteo) that enabled same-day stock deliveries to distributors in France. Logisteo allowed us to significantly improve our distribution model by increasing the consolidation of our supply flows to a single delivery point from 18% in 2014 to 64% in 2018 resulting in approximately 30% gain in productivity.

We expect that our new model will further improve distributor performance with optimized inventory levels and SKU availability and an increased ability to adapt our offer to local customer requirements, leading to an enhanced customer experience. We continue to seek ways to optimize our operations and business model to further improve delivery times, quality of service and availability of products, each of which are expected to help us gain greater market share in the geographies where we operate.

***Increase exposure to higher growth businesses***

In recent years, we have undertaken specific steps to focus on and penetrate superior growth businesses in the aftermarket spare parts distribution market: online web dealers, body parts and windshields. We have developed our online presence with external web dealers through the acquisitions of ACR and Doyen Auto, two platforms focused on web dealers, to become their expert distribution partner. We believe that business with web dealers present superior growth opportunities, and we intend to further increase our exposure to these customers in the coming years. For example, we established a key account unit between ACR and Doyen Auto to focus on web dealers. Our strategic partnership with Oscaro, launched in 2013, was also part of this strategy. We then increased our presence in the online distribution business when we acquired Oscaro in November 2018, and we have engaged in a strategic plan to become a European leader in online automotive spare parts by consolidating our position in France and in Western Europe, mainly Spain, Belgium and Italy, with a focus on EBITDA generation.

We also believe that the body parts and windshield segment represents a high growth business. Following significant market share gains in this segment, we invested in the development of the Cora distribution platform in France and in 2018 completed the acquisition of Geevers, a body parts specialist in the Netherlands. We also entered the windshield segment through our acquisition of Mondial Pare-Brise in 2017, a retail business focused on glazing repair, and have focused on the development of a sizeable presence in France, reaching 324 workshops in 2018. We intend to expand the reach of our current platforms and develop a distribution service to external glazing repair players by leveraging our scale and purchase expertise. In addition, we intend to pursue the development of Mondial Pare-Brise, aiming to add 15 Urban Master Centers in large cities in France by 2025.

***Continue to improve our purchasing, pricing and logistics capabilities***

We intend to continue to leverage the strength of our CPU by increasing the share of purchases from referenced suppliers, notably from acquired companies outside of France. We aim to pursue the optimization of our supplier relationships and to further improve purchasing terms with our growing negotiating power due to our European scale and our optimized logistics, while maintaining a sufficient number of suppliers to avoid undue reliance on any particular suppliers. We also see further opportunities to concentrate our supply flows and plan to select no more than two or three suppliers per product or sub-category of product in the near future. We expect that this strategy will continue to improve product availability and profitability.

In addition, we intend to continue expanding our private label offerings, by deepening our sourcing in Asia while maintaining high quality standards. We also intend to introduce private label offerings in our acquired businesses and ensure supplier concentration. Our expansion strategy for our private label offerings is expected to optimize production costs, while increasing volumes sold per SKU and allowing us to negotiate improved purchasing conditions with the suppliers of these products, in turn leading to profitable growth through margin expansion.

***Reinforce cost efficiency initiatives at both local distribution and central and administrative levels***

We operate a fully-integrated supply chain that connects our strategically concentrated group of suppliers to our CPUs and state-of-the-art logistics platforms, through to an extensive distribution network that serves more than 70,000 customers with deliveries several times per day and with best-in-class delivery times. We intend to build on our history of operational excellence by continuing to integrate and rationalize our supply chain to improve cost efficiency. We believe this approach will help us maintain and further enhance our strong and unique positioning as a central distribution intermediary for all value chain levels and to reinforce our role as an important link between parts suppliers and customers. Based on the value that we have extracted from operational improvements in recent years, we believe that continual improvements to our supply chain will contribute to increased market share and expanded margins. For example, our increasing use of centralized, automated platforms simplifies the delivery processes for our suppliers by offering them a single delivery point. We also offer suppliers a range of innovative value-added services such as marketing tools and intelligence, online support tools, payment guarantees and a centralized invoicing system with simplified back office support, all of which help suppliers grow their own business while creating greater efficiencies through simplified tracking, delivery, monitoring and payment solutions. We believe that these services represent advantages that are a "win-win" proposition for us and our suppliers, differentiating us from our competitors.

We are also pursuing increased integration of our supply chain, which is based on two flows of spare parts: a "direct delivery flow" from suppliers to distributors and a "platform-based flow" through our logistics platforms. In the year ended December 31, 2019, 64% of our products were distributed via our logistics platform, as compared with 18% in 2010, representing an improvement that we intend to pursue by further developing our platform-based flow. This approach is expected to improve product availability and delivery times while being cost efficient and generating favorable financial conditions for us, due in part to the higher logistics fees which we can apply in this context, and which we expect will lead to higher margins, as the logistics fees received from suppliers generally exceed the related costs of operating the logistics platforms. In particular, our new, automated platforms, such as Logisteo, generally offer a doubled capacity for SKUs as well as doubled processing capacity, allowing us to offer more SKUs from a wider range of product lines and suppliers. We will pursue this strategy by encouraging new suppliers to make deliveries through the platform flow from the outset as well as by having existing supplies expand the breadth of their range offered through our platform-based flow.

In addition, we believe that our extensive distribution network is a key part to our success. We employ a cost-conscious approach to manage our distribution network, constantly focusing on improving network efficiency and coverage, while minimizing or eliminating redundancies wherever possible. For example, in our Light Vehicle France segment, we are currently focused on ongoing upgrades to our real estate parc and improvements to the size and coverage of our footprint of distribution sites in France. When and where necessary, we remodel, close or consolidate sites. We also work to lower and rationalize downstream logistics costs by maximizing the square footage of our sites and by modernizing our logistics and monitoring functions, such as through the increased use of bar coding and the creation of a dedicated logistics department. In our Trucks segment, we are implementing an improvement plan that is focused on closing low- and non-performing sites in the context of a broader profit-focused effort to optimize our distribution network.

***Pursue the consolidation of Western Europe markets via targeted acquisitions and diversify our presence in existing markets by leveraging our integration track record to deliver maximum profitability potential***

In recent years, we have implemented a number of successful acquisitions, demonstrating the strength and discipline of our M&A process. This M&A process is centered around careful evaluation of potential targets, which are usually selected from local leaders that offer significant purchasing synergies. Through strategic acquisitions, we have penetrated new geographies, for example through our acquisitions of Doyen Auto and AD Bosch, which allowed us to expand into Benelux and Spain, respectively, as well as broaden our reach or product offering in the countries in which we already operate, for example through our acquisition of Mondial Pare-Brise, which allowed us to offer a full range of windscreen replacement products in France. In addition, through the acquisition of Oscaro in France, we have penetrated the B2C (DIY) segment and strengthened our position in the e-commerce market. We intend to leverage our market knowledge to continue to roll-out Oscaro to our markets outside of France.

We intend to continue making strategic, value-accretive acquisitions in the short and the medium term, including in certain geographies adjacent to the countries in which we operate. We intend to focus on new geographies where the car parcs are similar enough to those in which we are already active to realize synergies and where we can effectively use our logistics platforms and distribution networks.

We also intend to consolidate our leadership in the countries where we are already present, building on areas of strength and taking advantage of the fragmented nature of these markets. We believe that the consolidation of these markets will accelerate following the COVID-19 crisis, driven by small players that we believe are likely to have been impacted by liquidity constraints to a greater extent than ourselves. We further intend to leverage our expertise in our Light Vehicle France segment to expand and diversify our presence in other countries by undertaking proven successful initiatives. For example, we are in the process of strengthening the Autodistribution brand in Belgium and the Netherlands, expanding our product range in Italy, notably in our private label offerings and body part product range, and growing our online penetration with high-momentum customers such as web dealers in Belgium.

***Build on Oscaro's successful turnaround to deliver strong and profitable growth***

Our digital services are a key factor that differentiate us from our competitors. We intend to continue growing our digital offering in order to capitalize on this competitive advantage. Following the strategic acquisition of Oscaro in November 2018, the leading online seller of light vehicle spare parts in France, we implemented a comprehensive turnaround plan which allowed us to bring Oscaro back to profitability in the third quarter of 2019, strengthened our online distribution channel and allowed us to become an "omni-channel" aftermarket spare parts distributor in France. We estimate that the full year effect of the acquisition of Oscaro would represent a contribution to our Adjusted EBITDA—IFRS 16 of approximately €21 million for the year ended December 31, 2019, after taking into account the run-rate impact of our turnaround plan for Oscaro already completed (approximately €7 million) and of additional cost optimization measures and purchasing synergies to be implemented (approximately €10 million), including overhead and supply chain cost reduction and new growth initiatives.

We intend to build on Oscaro's successful turnaround to deliver our online growth strategy and become a leading European auto parts online retailer with sustainable margins by 2025. Our strategy consists in strengthening Oscaro's position in France by reinforcing its position on current categories, developing new categories, such as commercial vehicles, and by improving the customer experience through the website but also with a better customer service throughout the delivery chain. We also intend to improve Oscaro's profitability by optimizing supply chain costs and leveraging our scale. Furthermore, we also intend to expand Oscaro's presence internationally by capturing profitable growth in Spain and Belgium and launching local websites in Germany, Italy and the Netherlands, starting in 2021. Finally, we intend to support Oscaro's strategic development plan by implementing several IT initiatives such as the introduction of an advanced CRM, the improvement of financial flows traceability and reporting and the setting-up of middle office capabilities.

***Finalize operational transformation to consolidate our leading position in the Trucks segment and increase our margins***

We are focused on operational improvements in our Trucks segment and we have finalized the implementation of a new distribution model in 2019 which allowed us to grow our network of affiliated garages and to reorganize our former network of 125 distribution sites around 10 regional warehouses focused on distribution to local sites, owned and independent garages and integrated workshops. As a result of this reorganization, we are better able to utilize our large network and unique range of value-added services to meet customer demand. We also became the only player in the French truck spare parts aftermarket that is able to serve customers with two daily deliveries made within four hours.

We intend to further consolidate our leading position in the Trucks segment and increase our margins in this business. We aim to expand the coverage of our AD Poids Lourds network to 250 repair service and distribution sites by 2025. In addition, we intend to introduce new products and services and focus on key accounts while undertaking targeted pricing initiatives. Finally, a key element of our strategy is the ongoing implementation of our new distribution model to improve efficiency and customer service in our Truck segment. We believe that these measures will allow us to consolidate our leading position in the Trucks segment and increase our margins.

***Maintain a positive social environment to recruit and retain talent by focusing on development opportunities***

We believe that attracting and retaining talented people is critical to our success and believe that the key to attracting and retaining talented employees is offering development and growth opportunities in the context of a positive social environment. We have focused our management strategy on achieving the right balance of a profitable business mindset, a global strategy and a cooperative social climate. We intend to maintain our strong corporate culture with a human resources strategy that focuses on creating and sustaining an experienced, motivated and stable workforce. In order to do this, our human resources strategy is, and will continue to be, organized around four pillars: (i) successful talent recruitment, supported by marketing events, educational collaborations and digital initiatives, (ii) development of employees through training partnerships, e-learning and talent appraisal and evaluation processes, (iii) a cost-efficient approach to benefits through payroll monitoring, unified compensation policies, profit sharing mechanisms and favorable social protection schemes and (iv) the development of a positive social environment through automation, continuous improvement of working conditions, investments in work spaces and workforce rationalization.

**Our sponsor**

Bain Capital is a leading global private investment firm that advises and manages capital across several asset classes, including private equity, public equity, fixed income and credit, venture capital and real estate investments across multiple sector industries and geographies. Since its inception in 1984, Bain Capital and its affiliates have completed over 960 primary and add-on investments in a broad range of industries, including technology, financial and business services, industrials, media and telecommunications, healthcare and consumer/retail. Bain Capital's global team of over 450 investment professionals, 50 portfolio professionals and over 1,000 employees creates value for its portfolio companies through its global platform and depth of expertise, managing approximately $105 billion in total and leveraging the firm's shared platform to capture opportunities in strategic areas of focus. The firm has a strong track record of investments in the automotive industry (including investments in the Apex Tool Group, Asimco, FCI, FTE, Hero, Sensata Technologies and TI Automotive) and distribution industries (including investments in Brakes, Brenntag and IMCD), as well as a number of market-leading companies globally such as Bellsystem24, Burger King, Burlington Coat Factory, Domino's Pizza, HCA, Novacap, Samsonite, Securitas Direct and SigmaKalon. Bain Capital has investors from across the world that include sovereign wealth funds, public pension funds, foundations, insurance companies, family offices, high-net-worth individuals and funds of funds. Headquartered in Boston, Bain Capital and its affiliates have offices in Chicago, Palo Alto, San Francisco, New York, Dublin, London, Luxembourg, Munich, Madrid, Hong Kong, Shanghai, Guangzhou, Mumbai, Sydney, Tokyo, Melbourne and Seoul. For more information, see "*Principal shareholders*."

**The Refinancing**

***General***

On the Issue Date, the Issuer will issue the Notes offered hereby and use the proceeds of the Offering to (i) fund the Existing Senior Secured Fixed Rate Notes Redemption, (ii) fund the Existing 2019 Senior Secured Floating Rate Notes Redemption and (iii) pay the fees and expenses incurred in connection with the foregoing. See "*Use of proceeds*."

The Offering and the application of the proceeds from the Offering are collectively referred to in this Offering Memorandum as the "Refinancing."

***Existing Senior Secured Fixed Rate Notes Redemption***

Concurrently with, and conditioned on, the closing of the Offering, the Issuer will use a portion of the proceeds of the Notes to redeem the entire aggregate outstanding principal amount of its Existing Senior Secured Fixed Rate Notes. See "*Use of proceeds*."

***Existing 2019 Senior Secured Floating Rate Notes Redemption***

Concurrently with, and conditioned on, the closing of the Offering, the Issuer will use a portion of the proceeds of the Notes, to redeem €37.0 million aggregate outstanding principal amount of its Existing 2019 Senior Secured Floating Rate Notes. See "*Use of proceeds*."

**Recent Developments**

***Actions implemented following the COVID-19 outbreak***

In December 2019, a novel strain of coronavirus SARS-CoV-2, causing a disease referred to as COVID-19 ("COVID-19"), was reported in Wuhan, China. The coronavirus has since spread, and infections have been found in the vast majority of countries around the world, including throughout Europe. In March 2020, the World Health Organization recognized the COVID-19 outbreak as a pandemic based on the global spread of the disease, the severity of illnesses it causes and its effects on society. In response to the COVID-19 pandemic, the governments of many countries, states and cities have taken preventative or protective actions, such as imposing restrictions on travel and business operations, and advising or requiring individuals to limit or forego their time outside of their homes. Accordingly, the COVID-19 outbreak has severely restricted the level of economic activity in many countries, including in regions in which we operate, and continues to adversely impact global economic activity and has contributed to significant volatility in financial markets. For a discussion of the impact of COVID-19 on our results for the three months ended March 31, 2020, see "*Management's discussion and analysis of financial condition and results of operations—Three months ended March 31, 2020, compared to three months ended March 31, 2019.*"

During the initial phase of the lockdown, we retained a limited level of activity following our decision to remain open as a corporate citizen ("*Entreprise Citoyenne*") in all our markets, notably to help public services and essential workers fighting the pandemic. At the onset of the COVID-19 pandemic, we took immediate action to help our employees and partners during the crisis and to ensure the continuity of essential mobility in France. We also provided remote working solutions to all eligible employees and put in place dedicated processes to ensure high levels of safety for our workforces in the distribution activity. Since May 11, 2020, the French government has lifted the strict lockdown and has gradually removed restrictions and social distancing measures. As of the date of this Offering Memorandum, the majority of our employees have physically returned to work and our remote working activities have almost ceased.

During the initial phase of the lockdown measures, we implemented certain cost control measures by (1) leveraging government initiatives in the markets in which we operate, such as the French temporary unemployment scheme (*chômage partiel*), and (2) implementing a temporary freeze on discretionary spending and capital expenditures. These targeted measures have helped to mitigate the impact of COVID-19 on our profitability. For a discussion of the financial impact of COVID-19 see "*—COVID-19 financial impact and recovery.*"

We also took pro-active steps to protect our liquidity by (1) taking advantage of government incentives such as tax and/or social charges deferral, (2) entering into government-backed financing or additional credit lines with local banks in the markets in which we operate (see "*—COVID-19 related financing*"), (3) undertaking constructive discussions with our largest suppliers to obtain the earlier payment of year-end rebates, and to adapt the timing of our payments to suppliers accordingly, and (4) enhancing cash collections from our customers, despite granting payment deferrals to our most affected customers and partners. We also anticipate a positive impact on liquidity from the CICE tax credit. As a result of these measures, we had €167.8 million of cash and cash equivalents as of March 31, 2020 and approximately €173 million of cash and cash equivalents as of May 31, 2020. We estimate that our cash on balance sheet as of June 22, 2020 was approximately €135 million after excluding the one-off working capital impact of the measures we took to preserve our liquidity following the COVID-19 outbreak. This liquidity position reflects a net drawdown of approximately €8.5 million of new debt facilities as of June 22, 2020, but does not reflect approximately €50 million of additional credit lines that may be drawn subsequently, including under the PGE Loan and other COVID-19 related financing arrangements that we have entered into or that we are in the process of obtaining in certain of our markets (see "*—COVID-19 related financing*") .

***COVID-19 financial impact and recovery***

*April 2020*

Our revenue decreased in April 2020 by 47.1% from €147.9 million for the month ended April 30, 2019, to approximately €78.3 million for the month ended April 30, 2020, and our organic revenue decreased by 48.3% in April 2020 compared to April 2019. We had negative Adjusted EBITDA of approximately €1.7 million for the month ended April 30, 2020, compared to Adjusted EBITDA of €12.7 million for the month ended April 30, 2019. This decrease in revenue and Adjusted EBITDA was due to the impact of the initial lockdown measures in response to COVID-19 in the markets in which we operate. This decrease was partly offset by the mitigating measures that we implemented and our ability to attract new customers, which represented approximately 20% of our sales during the initial lockdown period in France. During this period, we have also benefited from our diversified business model, with operations in markets less impacted by the COVID-19 pandemic, such as the Netherlands, and the resilience of online sales through Oscaro. We had a positive change in working capital of €14.1 million for the month ended April 30, 2020, compared to a negative change in working capital of €7.6 million for the month ended April 30, 2019. Our net capital expenditures were €1.2 million for the month ended April 30, 2020, compared to €2.6 million for the month ended April 30, 2019. Our net operating cash flow was €10.4 million for the month ended April 30, 2020, compared to €2.5 million for the month ended April 30, 2019.

*May 2020*

Our revenue decreased by 14.4% from €147.6 million for the month ended May 31, 2019, to approximately €126.3 million for the month ended May 31, 2020, and our organic revenue decreased by 17.1% in May 2020 compared to May 2019. Our Adjusted EBITDA in May 2020 decreased by approximately €3.7 million, or 26.5%, from €13.9 million for the month ended May 31, 2019, to €10.2 million for the month ended May 31, 2020. This decrease in revenue and Adjusted EBITDA was due to the impact of the lockdown measures in the markets in which we operate. Our revenue and Adjusted EBITDA in May 2020 were positively impacted by the easing of the strict lockdown measures from May 11, 2020, particularly in France and Italy. In addition, we benefited in May from our decision to remain open during the initial phase of the lockdown as our business was operational when governments started to ease lockdown measures. Our Adjusted EBITDA also benefitted from the cost control measures implemented at the beginning of the COVID-19 outbreak. We had a positive change in working capital of €20.4 million for the month ended May 31, 2020, compared to a negative change in working capital of €17.6 million for the month ended May 31, 2019. Our net capital expenditures were €1.3 million for the month ended May 31, 2020, compared to €2.5 million for the month ended May 31, 2019. Our net operating cash flow was €29.3 million for the month ended May 31, 2020, compared to negative €6.2 million for the month ended May 31, 2019 with our sales for the third week of May 2020 being stable compared to sales for the same period last year.

*June 2020*

Our revenue increased by 20.7% from €150.0 million for the month ended June 30, 2019, to approximately €181.0 million for the month ended June 30, 2020, and our organic revenue increased approximately 16.7% compared to the month ended June 30, 2019, as we have continued to benefit from the easing of the lockdown measures in our geographies. The increase in revenue for June 2020 is in line with the organic growth of our business prior to the COVID-19 outbreak. We also expect our Adjusted EBITDA margin for June 2020 to be meaningfully higher than our Adjusted EBITDA margin for June 2019 and our Adjusted EBITDA for June 2020 to be higher than our Adjusted EBITDA for June 2019.

While it is too early to assess whether the economic downturn that is likely to follow the COVID-19 pandemic will have a material impact on our growth in 2020 and beyond, we believe we operate in a resilient market with strong fundamentals and structural trends that we expect will benefit us, such as the non-discretionary nature of our services, an increasingly ageing car parc due to a significant drop in volumes of new car sales during the lockdown, additional opportunities for market consolidation due to the impact of the lockdown on smaller players and, as a result of the pandemic, the reluctance of the public to use public transport. During the lockdown, we also benefited from our increased online sales through our Oscaro platform and our Autossimo platform, whose sales grew by 42% in June 2020 compared to June 2019. We also believe that the IAM will continue to grow as mobility returns to normal levels and we will be able to capitalize on market shares gained during the lockdown, as a result of remaining open during the initial phase of the lockdown, to reinforce our position in Western Europe. We cannot predict, however, the degree to which, or the time period over which, our businesses will be affected by this pandemic and its impact on the economic conditions in the geographies in which we operate or a potential second outbreak of COVID-19 or of another communicable disease. See "*Forward-looking Statements*" and "*Risk factors—Risks related to our business—Any outbreak of severe communicable diseases, including COVID-19, may materially affect our business and results of operations*."

***COVID-19 related financing***

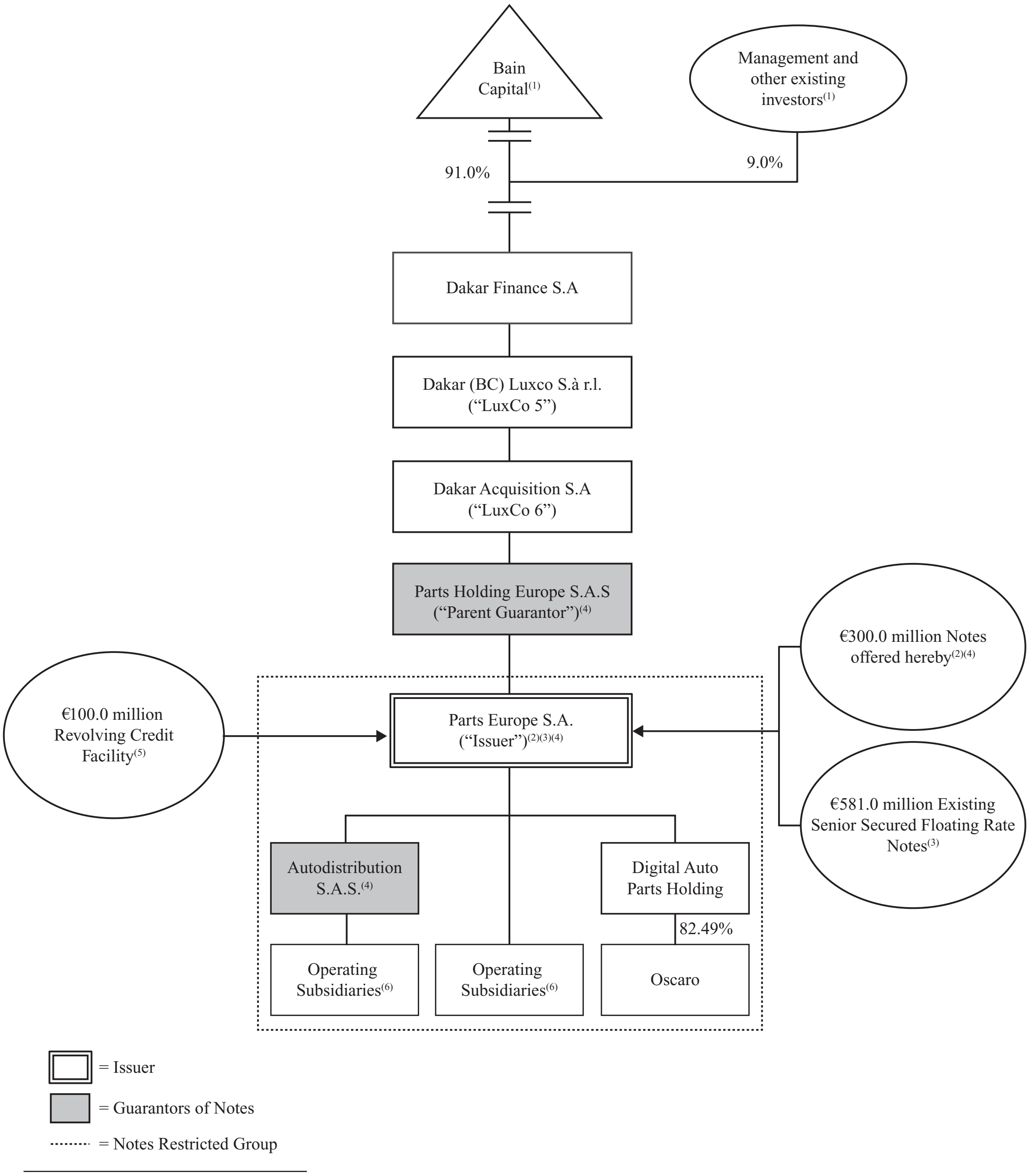
Since March 31, 2020, we have entered into certain government-backed loans or loans with certain of our local commercial banks to enhance our liquidity. On July 1, 2020, we entered into a €25.0 million government-backed loan agreement in France among, *inter alios*, the Issuer, BNP Paribas and Société Générale (the "PGE Loan"). Drawing under the PGE Loan is subject to the satisfaction of certain conditions, including the publication of a decision (*arrêté ministériel*) by the French government to confirm the guarantee of the loan by the French State. We cannot guarantee that the French government will issue this *arrêté ministériel* and that we will be able to draw on the PGE Loan. See "*Description of certain financing arrangements—PGE Loan*."

In addition, we have entered into government-backed loans or loans with local commercial banks and increased certain of our existing lines of credit to strengthen our liquidity position in Italy (€5.0 million), Spain (€5.0 million), the Netherlands (€4.0 million) and Belgium (€7.5 million) in May and June 2020 as a response to the COVID-19 outbreak. We may enter into additional loans in other countries in which we operate, to the extent available.

*This information is based on internal management accounts and internal estimates and has not been audited, reviewed or verified; no procedures have been completed by our auditors with respect thereto, and you should not place undue reliance thereon. This information is subject to confirmation in our audited consolidated financial statements and report. Consequently, upon publication of our unaudited results for the six months ended June 30, 2020, or of our audited results for the year ended December 31, 2020, we may report results that are different from the ones set forth in this section. The information provided above is monthly data or data for a specific period of days, which may not be illustrative of quarterly or monthly performance, particularly in light of uncertainties relating to the ongoing COVID-19 pandemic."*

## SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram presents our simplified corporate structure and principal outstanding financing arrangements after giving effect to the Refinancing. Percentages shown in the diagram below refer to percentage ownership of equity and equity-like instruments. All entities shown below are 100% owned (ignoring any *de minimis* shareholdings) unless otherwise indicated. For more information, see "*Principal shareholders*," "*Description of certain financing arrangements*" and "*Description of the Senior Secured Notes*."




(1) Bain Capital and certain other existing investors, including members of management and certain Affiliated Distributors, beneficially own 100% of the share capital of LuxCo 5, LuxCo 6, the Issuer and the Parent Guarantor indirectly through wholly-owned or majority-owned intermediate holding companies. Percentages refer to the percentage ownership of equity and equity-like instruments. See "*Principal shareholders*."

(2) On the Issue Date, the Issuer will use the proceeds from the Offering, to (i) fund the Existing Senior Secured Fixed Rate Notes Redemption, (ii) fund the Existing 2019 Senior Secured Floating Rate Notes Redemption and (iii) pay the fees and expenses incurred in connection with the foregoing. See "*Use of proceeds*" and "*—The Refinancing*."

(3) Following the Refinancing on or about the Issue Date, €443.0 million of Existing 2016 Senior Secured Floating Rate Notes will remain outstanding under the Existing 2016 Senior Secured Notes Indenture and €138.0 million of Existing 2019 Senior Secured Floating Rate Notes will remain outstanding under the Existing 2019 Senior Secured Notes Indenture.

(4) The Notes will be general senior obligations of the Issuer, will rank *pari passu* in right of payment with any existing or future obligation of the Issuer that is not subordinated in right of payment to the Notes, including the obligations of the Issuer under the Existing Senior Secured Floating Rate Notes, the Revolving Credit Facility, the PGE Loan and future hedging obligations (if any), will rank senior in right of payment to any existing or future obligation of the Issuer that is expressly subordinated in right of payment to the Notes and will be effectively subordinated to any existing or future obligation of the Issuer and its subsidiaries, including obligations under the Revolving Credit Facility, the PGE Loan and future hedging obligations (if any), that are secured by property and assets of the subsidiaries of the Issuer that do not secure the Notes, to the extent of the value of such property and assets.

As of the Issue Date, the Notes will be guaranteed (the "Guarantees") by Parts Holding Europe S.A.S. (formerly Autodis Group S.A.S.) (the "Parent Guarantor") and Autodistribution S.A.S. (the "Subsidiary Guarantor," and together with the Parent Guarantor, the "Guarantors"). As of and for the twelve months ended March 31, 2020, the Issuer and the Guarantors (excluding equity investments in wholly-owned subsidiaries and intercompany receivables and loans) accounted for 30.3% of the consolidated total assets, 6.8% of the consolidated revenue and 25.3% of the consolidated EBITDA of the Parent Guarantor. The Guarantees will be subject to the terms of the Intercreditor Agreement. The obligations of a Guarantor under its Guarantee will also be limited as necessary to prevent the relevant Guarantee from constituting a fraudulent conveyance or unlawful financial assistance under applicable law, or otherwise reflect limitation under applicable law. By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. In particular, the Guarantee of the Subsidiary Guarantor is expected to be limited in value to an amount not greater than the outstanding amount under existing proceeds loans, which is approximately €330 million and corresponds to the aggregate of the proceeds loan made available to on-lend the proceeds of prior issuances of Existing Senior Secured Floating Rate Notes and Existing Senior Secured Fixed Rate Notes to the Subsidiary Guarantor. Other indebtedness of the Guarantors may not be similarly limited. See "*Risk factors—Risks related to our indebtedness and the Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantors or the Luxembourg Security Providers may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral*" and "*Risk factors—Risks related to our indebtedness and the Notes—The insolvency and administrative laws of France and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral*." The validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

As of the Issue Date, the obligations of the Issuer and the Guarantors under the Indenture, the Existing Senior Secured Notes Indentures, the Revolving Credit Facility and the PGE Loan will be secured by: (i) a first-priority pledge of the share capital of LuxCo 6 held by LuxCo 5; (ii) a first-priority pledge of the capital stock, material bank accounts and material intragroup receivables of the Parent Guarantor; (iii) a first-priority pledge of the capital stock of the Issuer (other than certain *de minimis* shareholdings); (iv) first-priority security interests over certain assets of the Issuer, including the capital stock of Autodistribution S.A.S., Magenta Auto Pièces S.A. and SDFM S.A. held by the Issuer, its material bank accounts and its material intragroup receivables; and (v) a first-priority pledge of (A) the capital stock of Commerce Rechange Automobiles S.A.S., Cofirhad S.A.S. and AD Grand Ouest S.A.S. held by Autodistribution S.A.S., (B) Autodistribution S.A.S.'s material bank accounts and (C) Autodistribution S.A.S.'s material intragroup receivables. See "*Description of the Senior Secured Notes—Security*." The security interests in the Collateral are limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

(5) The Revolving Credit Facilities Agreement provides for drawings of up to €100.0 million under the Revolving Credit Facility, which was fully drawn as of March 31, 2020, with €78.0 million of cash drawings and €22.0 million of guarantees. We expect the Revolving Credit Facility to remain fully drawn following completion of the Refinancing. See "*Description of certain financing arrangements—Revolving Credit Facility Agreement.*"

On July 1, 2020, we entered into a €25.0 million government-backed PGE Loan in France in order to enhance our liquidity as a response to COVID-19. Drawing under the PGE Loan is subject to the satisfaction of certain conditions, including the publication of a decision (*arrêté ministériel*) by the French government to confirm the guarantee of the loan by the French State. We cannot guarantee that the French government will issue this *arrêté ministériel* and that we will be able to draw on the PGE Loan. See "*Description of certain financing arrangements—PGE Loan*."

Our obligations under the Revolving Credit Facility and the PGE Loan are secured by security interests over, among other things, the Collateral. Pursuant to the terms of the Intercreditor Agreement, in the event of an enforcement of the security interests over the Collateral, the holders of the Notes will receive proceeds from the Collateral only after lenders under the Revolving Credit Facility Agreement, lenders under the PGE Loan and creditors of any future indebtedness incurred that is permitted to be incurred on a super senior basis under the Indenture and the Intercreditor Agreement have been repaid in full. Any remaining proceeds received upon any enforcement action over any Collateral will be applied pro rata to the repayment of all obligations under the Indenture and any other senior secured indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement (including the Existing Senior Secured Floating Rate Notes). The indebtedness of the Issuer under the Revolving Credit Facilities Agreement and the PGE Loan is guaranteed by, and is secured by certain assets of, certain subsidiaries of the Issuer that do not guarantee, and do not provide security in favor of, the Notes. See "*Description of certain financing arrangements—Intercreditor Agreement.*"

(6) Certain of the Parent Guarantor's subsidiaries will not guarantee the Notes. As of and for the twelve months ended March 31, 2020, the non-Guarantor subsidiaries of the Parent Guarantor (excluding equity investments in wholly-owned subsidiaries and intercompany receivables and loans) accounted for 69.7% of the consolidated total assets, 93.2% of the consolidated revenue and

74.7% of the consolidated EBITDA of the Parent Guarantor. As of March 31, 2020, and after giving pro forma effect to the Refinancing, the non-Guarantor subsidiaries of the Parent Guarantor had approximately €245 million of debt outstanding (excluding bank overdrafts), of which approximately €156 million were incurred in connection with lease liabilities. See "*Risk factors—Risks related to our indebtedness and the Notes—The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries*." In addition, certain of the Parent Guarantor's subsidiaries that will not guarantee the Notes have entered into government-backed loans or loans with local commercial banks and increased certain existing lines of credit to strengthen our liquidity position in Italy (€5.0 million), Spain (€5.0 million), the Netherlands (€4.0 million) and Belgium (€7.5 million) in May and June 2020 as a response to the COVID-19 outbreak. We may enter into additional loans in other countries in which we operate, to the extent available.

## THE OFFERING

The following summary of this Offering contains basic information about the Notes and the security. It is not intended to be complete and is subject to important limitations and exceptions. For a more complete understanding of the Notes, including certain definitions of terms used in this summary, see "*Description of the Senior Secured Notes*."

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| **Issuer** . . . . . . . . . . . . . . . . . . . . . . . | Parts Europe S.A. (formerly Autodis S.A.). |
| **Notes offered** . . . . . . . . . . . . . . . . . . | €300.0 million aggregate principal amount of % Senior Secured Notes due 2025. |
| **Issue Date of the Notes** . . . . . . . . . . . | , 2020. |
| **Issue price** . . . . . . . . . . . . . . . . . . . . | %, plus accrued and unpaid interest from the Issue Date, if any. |
| **Maturity Date** . . . . . . . . . . . . . . . . . | , 2025. |
| **Interest rate** . . . . . . . . . . . . . . . . . . | % per annum. |
| **Interest payment dates** . . . . . . . . . . . | Interest on the Notes will be payable semi-annually in arrears on and , commencing on , 2021. Interest on the Notes will accrue from the Issue Date. |
| **Form and denomination** . . . . . . . . . . | The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available. |
| **Ranking of the Notes** . . . . . . . . . . . . | The Notes will:<br>• be general senior obligations of the Issuer, secured as set forth under "*Description of the Senior Secured Notes—Security*";<br>• rank *pari passu* in right of payment with any existing or future obligation of the Issuer that is not subordinated in right of payment to the Notes, including the obligations of the Issuer under the Existing Senior Secured Floating Rate Notes, the Revolving Credit Facility, the PGE Loan and certain future hedging obligations (if any);<br>• rank senior in right of payment to any existing or future obligation of the Issuer that is expressly subordinated in right of payment to the Notes;<br>• be effectively subordinated to any existing or future obligation of the Issuer and its subsidiaries, including obligations under the Revolving Credit Facility, the PGE Loan and certain future hedging obligations (if any), that is secured by property and assets of the subsidiaries of the Issuer that do not secure the Notes, to the extent of the value of such property and assets;<br>• be guaranteed on a senior secured basis by the Guarantors; and<br>• be structurally subordinated to any existing or future obligation of the Issuer's subsidiaries that are not Guarantors, including obligations to trade creditors and, to the extent drawings are borrowed by such subsidiaries, obligations under the Revolving Credit Facility. |
| **Guarantees** . . . . . . . . . . . . . . . . . . . | The Issuer's obligations under the Notes and the Indenture are guaranteed by the Guarantors. |
| **Ranking of the Guarantees** . . . . . . . . | The Guarantees:<br>• are general obligations of the Guarantors, secured as set forth under "*Description of the Senior Secured Notes—Security*"; |

- rank *pari passu* in right of payment with any existing or future obligation of the respective Guarantor that is not subordinated in right of payment to its Guarantee, including the obligations of the Guarantors under the Existing Senior Secured Notes Indentures, the Revolving Credit Facility, the PGE Loan and certain future hedging obligations (if any);
- rank senior in right of payment to any existing or future obligation of the respective Guarantor that is expressly subordinated in right of payment to its Guarantee;
- are effectively subordinated to any existing or future obligation of each Guarantor, which is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligation; and
- are structurally subordinated to any existing or future indebtedness of the subsidiaries of the Parent Guarantor that are not Guarantors, including obligations to their trade creditors.

As of and for the twelve months ended March 31, 2020, the Issuer and the Guarantors (excluding equity investments in wholly-owned subsidiaries and intercompany receivables and loans) accounted for 30.3% of the consolidated total assets, 6.8% of the consolidated revenue and 25.3% of the consolidated EBITDA of the Parent Guarantor.

The obligations of a Guarantor under its Guarantee will be limited as necessary to prevent the relevant Guarantee from constituting a fraudulent conveyance or unlawful financial assistance under applicable law, or otherwise reflect limitations under applicable law. By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. In particular, the Guarantee of the Subsidiary Guarantor is expected to be limited in value to an amount not greater than the outstanding amount under existing proceeds loans, which is approximately €330 million and corresponds to the aggregate of the proceeds loan made available to on-lend the proceeds of prior issuances of Existing Senior Secured Floating Rate Notes and Existing Senior Secured Fixed Rate Notes to the Subsidiary Guarantor. Other indebtedness of the Guarantors may not be similarly limited. See "*Risk factors—Risks related to our indebtedness and the Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantors or the Luxembourg Security Providers may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral" and "Risk factors—Risks related to our indebtedness and the Notes—The insolvency and administrative laws of France and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral."* The validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

The Guarantees are also subject to the terms of the Intercreditor Agreement. Under the terms of the Intercreditor Agreement, recoveries in respect of the Guarantees will be required to be applied to repay indebtedness outstanding under the Revolving Credit

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| | Facility, the PGE Loan and certain future indebtedness and hedging obligations permitted to be incurred on a super senior basis under the terms of the Indenture and the Intercreditor Agreement. See "*Description of certain financing arrangements—Intercreditor Agreement*." The Guarantees will be subject to release under certain circumstances. See "*Description of the Senior Secured Notes—Notes Guarantees release*." |
| **Security** . . . . . . . . . . . . . . . . . . . . . | The Notes will be secured by: (i) a first-priority pledge of the share capital of LuxCo 6 held by LuxCo 5; (ii) a first-priority pledge of the capital stock, material bank accounts and material intragroup receivables of the Parent Guarantor; (iii) a first-priority pledge of the capital stock of the Issuer (other than certain de minimis shareholdings); (iv) first-priority security interests over certain assets of the Issuer, including the capital stock of Autodistribution S.A.S., Magenta Auto Pièces S.A. and SDFM S.A. held by the Issuer, its material bank accounts and its material intragroup receivables; and (v) a first-priority pledge of (A) the capital stock of Commerce Rechange Automobiles S.A.S., Cofirhad S.A.S. and AD Grand Ouest S.A.S. held by Autodistribution S.A.S., (B) Autodistribution S.A.'s material bank accounts and (C) Autodistribution S.A.S.'s material intragroup receivables. See "*Description of the Senior Secured Notes—Security*." |
| | The Revolving Credit Facility, the PGE Loan and future hedging obligations (if any) (the "Super Senior Obligations") are secured by first-priority security interests over, among other things, the Collateral, contractually ranking *pari passu* with the security interests securing the Notes. Under the terms of the Intercreditor Agreement, in the event of enforcement of the security interests over the Collateral, holders of Notes will receive proceeds from the Collateral only after the Super Senior Obligations have been repaid. The security interests in the Collateral are limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*." |
| **Intercreditor Agreement** . . . . . . . . . . | Pursuant to the Intercreditor Agreement, the first-priority security interests securing the Notes will be contractually deemed to rank equally with the security interests that secure (but only to the extent that such security is expressed to secure those liabilities) (i) obligations under the Revolving Credit Facility, the PGE Loan and the Existing Senior Secured Floating Rate Notes, (ii) certain obligations under hedging arrangements and (iii) certain other future indebtedness permitted to be incurred under the Indenture (including to the extent such indebtedness shares in these security interests, future subordinated notes). Such security interests are, or will be, evidenced by security documents for the benefit of (whether directly or through the Security Agent) the holders of the Notes, the holders of the Existing Senior Secured Floating Rate Notes, the lenders under the Revolving Credit Facility, the lenders under the PGE Loan and/or the holders of certain other future senior or subordinated indebtedness and obligations. Under the terms of the |

Intercreditor Agreement, subject to certain conditions, in the event of acceleration of the Revolving Credit Facility or the Notes, amounts recovered in respect of the Notes, including from the enforcement of the Guarantees or the Collateral, will be required to repay indebtedness in respect of the Revolving Credit Facility, the PGE Loan and certain future indebtedness permitted to be incurred on a super senior basis under the terms of the Indenture and the Intercreditor Agreement, following the payment of fees and expenses of the agent under the Revolving Credit Facility, the Trustee and the Security Agent (and any receiver or delegate) and any fees and expenses of any other creditor representative of future senior or subordinated indebtedness permitted under the terms of the Indenture to benefit from such security interests.

The Security Agent may refrain from enforcing the relevant security unless instructed by the relevant Instructing Group (as defined in the Intercreditor Agreement). The relevant Instructing Group or such other class of creditors as specified by the Intercreditor Agreement may, under certain conditions, be entitled to instruct the Security Agent to enforce the relevant security subject to, and in accordance with, the provisions of the Intercreditor Agreement. In the event of conflicting instructions, the Intercreditor Agreement will contain provisions as to which set of instructions will prevail. See "*Description of certain financing arrangements—Intercreditor Agreement*."

**Optional redemption** . . . . . . . . . . . . The Issuer may redeem all or part of the Notes on or after January , 2022, at the redemption prices set forth under "*Description of the Senior Secured Notes—Optional redemption*," plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

Prior to January , 2022, the Issuer may on any one or more occasions redeem up to 40% of the original principal amount of the Notes issued under the Indenture (including the original principal amount of any additional Notes), using the net proceeds from certain equity offerings at a redemption price equal to % of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the applicable date of redemption; provided that at least 50% of the original principal amount of the Notes (including the original principal amount of any additional Notes) issued under the Indenture (excluding Notes held by the Issuer and its Subsidiaries) remains outstanding after each such redemption.

Prior to January , 2022, the Issuer may redeem up to 10% of the aggregate principal amount of the Notes originally issued (including the aggregate principal amount of any additional Notes issued) in each calendar year, commencing on the Issue Date, at a redemption price equal to 103% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, up to the redemption date. See "*Description of the Senior Secured Notes—Optional* redemption."

In addition, prior to January , 2022, the Issuer may redeem all or, from time to time, part of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make-whole" premium described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to, but not including, the applicable date of redemption.

**Additional amounts; Tax Redemption** . . . . . . . . . . . . . . . . . All payments made by the Issuer or a Guarantor in respect of the Notes or a Guarantee will be made without withholding or deduction for any taxes in any relevant taxing jurisdiction, except to the extent required by law. If any such withholding or deduction is required by law, subject to certain exceptions and limitations, the Issuer or the relevant Guarantor, as applicable, will pay additional amounts so that the net amount received by holders of the Notes is no less than that which would have been received in the absence of such withholding or deduction. See "*Description of the Senior Secured Notes—Withholding taxes*." The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if, as a result of certain changes in tax law the Issuer or the relevant Guarantor is or would be required to pay additional amounts with respect to the Notes. If the Issuer decides to exercise such redemption right, it must pay a price equal to 100% of the principal amount of the Notes plus interest and additional amounts, if any, to the date of redemption. See "*Description of the Senior Secured Notes—Redemption for taxation reasons*."

**Change of Control** . . . . . . . . . . . . . . If the Issuer experiences a change of control, the holders of the Notes will have the right to require the Issuer to offer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. A change of control, however, will not be deemed to have occurred if a consolidated net leverage ratio is not exceeded in connection with such event. See "*Description of the Senior Secured Notes—Change of control*."

**Certain covenants** . . . . . . . . . . . . . . The Issuer will issue the Notes under the Indenture.

The Indenture will limit, among other things, the ability of the Parent Guarantor, the Issuer and the restricted subsidiaries of the Issuer to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- enter into certain transactions with affiliates;
- create or permit to exist certain security interests;
- impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us;
- transfer, lease or sell certain assets, including subsidiary stock;
- merge or consolidate with other entities;
- amend certain documents; and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants is subject to a number of significant exceptions and qualifications. See "*Description of the Senior Secured Notes—Certain covenants*" and the related definitions.

Certain of the covenants will be suspended if and for as long as we achieve investment-grade ratings and following a qualifying initial public offering of the capital stock of any direct or indirect parent entity of the Issuer. See "*Description of the Senior Secured Notes—Certain covenants—Suspension of covenants on achievement of Investment Grade Status*."

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| **Use of proceeds** | We intend to use the gross proceeds from the Offering, to (i) fund the Existing Senior Secured Fixed Rate Notes Redemption, (ii) fund the Existing 2019 Senior Secured Floating Rate Notes Redemption and (iii) pay the fees and expenses incurred in connection with the foregoing. See "*—The Refinancing*" and "*Use of proceeds*." |
| **Transfer restrictions** | The Notes and the Guarantees have not been, and will not be, registered under U.S. federal or state or any foreign security laws and are subject to restrictions on resales. See "*Important information about this Offering Memorandum*," "*Transfer restrictions*" and "*Plan of distribution*." We are under no obligation, and we do not intend, to register the Notes in the United States under the U.S. Securities Act. |
| **Listing** | Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained. |
| **Absence of a public market for the Notes** | The Notes will be new securities for which there will be no established trading market. Accordingly, we cannot assure you as to the development or liquidity of any market for the Notes. Furthermore, the Notes will not have registration rights under the U.S. Securities Act. |
| **Trustee** | U.S. Bank Trustees Limited. |
| **Paying Agent, Transfer Agent and Registrar** | Elavon Financial Services DAC. |
| **Listing Agent** | Carey Olsen Corporate Finance Limited. |
| **Security Agent** | U.S. Bank Trustees Limited. |
| **Governing law of the Indenture and the Notes** | The State of New York. |
| **Governing law of the Intercreditor Agreement and the Security Documents** | England and Wales (Intercreditor Agreement) and Luxembourg and France (Security Documents). |
| **Risk factors** | Investing in the Notes involves substantial risks. Prospective investors should refer to "*Risk factors*" for a discussion of certain factors that they should carefully consider before deciding to invest in the Notes. |

## SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

*The following tables set forth our summary consolidated financial information and other data for the periods ended and as of the dates indicated below. Our summary consolidated financial information as of and for the years ended December 31, 2017, 2018 and 2019 has been derived from the audited consolidated financial statements of the Parent Guarantor as of and for the years ended December 31, 2018 and 2019, which are included elsewhere in this Offering Memorandum. Our summary unaudited interim condensed consolidated financial information as of and for the three months ended March 31, 2019 and 2020, has been derived from the unaudited interim condensed consolidated financial statements of the Parent Guarantor as of and for the three months ended March 31, 2020, which are included elsewhere in this Offering Memorandum. The historical unaudited financial information for the three months ended March 31, 2020, has been prepared using the same accounting principles as the financial information as of and for the year ended December 31, 2019, and in accordance with IAS 34 "Interim Financial Reporting," the IFRS standard applicable to interim financial statements. For a detailed description of the basis of presentation with respect to our historical financial information see "Presentation of Financial Information and Other Data."*

*The following information should be read in conjunction with "Management's discussion and analysis of financial condition and results of operations" and our consolidated financial statements and the related notes thereto, which are included elsewhere in this Offering Memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.*

### Summary consolidated income statement

| | Year ended December 31, | | | Three months ended March 31, | | Twelve months ended March 31, |
|---|---|---|---|---|---|---|
| **(€ in millions)** | **2017** | **2018** | **2019** | **2019** | **2020** | **2020** |
| **Revenue** | **1,254.8** | **1,465.8** | **1,797.4** | **451.2** | **436.7** | **1,782.9** |
| Cost of goods sold | (699.5) | (844.2) | (1,037.6) | (263.7) | (254.1) | (1028) |
| Personnel costs | (276.0) | (306.9) | (361.6) | (89.3) | (90.3) | (362.6) |
| External expenses | (166.2) | (193.8) | (209.2) | (55.1) | (52.6) | (206.7) |
| Taxes other than income taxes | (11.1) | (11.3) | (12.3) | (5.5) | (6.1) | (12.9) |
| Other operating income and expenses | 5.5 | 3.1 | 3.0 | (0.4) | (0.8) | 2.6 |
| Depreciation and amortization expenses | (29.8) | (39.4) | (95.0) | (22.8) | (23.3) | (95.5) |
| **Operating income from ordinary activities** | **77.8** | **73.5** | **84.7** | **14.4** | **9.4** | **79.7** |
| Other income from operations | 0.7 | 0.8 | — | — | — | — |
| Other expenses from operations | (13.4) | (15.4) | (9.0) | (1.2) | (0.4) | (8.2) |
| Operating income | **65.1** | **58.8** | **75.7** | **13.2** | **9.0** | **71.5** |
| Financial income | 4.3 | 1.5 | 1.1 | 0.2 | 0.1 | 1.0 |
| Financial expenses | (31.2) | (44.0) | (57.9) | (14.3) | (14.4) | (58.0) |
| Share of net income of equity method investees | (0.3) | — | — | — | — | — |
| **Income before tax** | **37.9** | **16.3** | **18.9** | **(0.9)** | **(5.3)** | **14.5** |
| Income taxes | (5.4) | (12.6) | (2.2) | (3.1) | (2.1) | (1.2) |
| **Net income from continuing operations** | **32.6** | **3.7** | **16.7** | **(4.0)** | **(7.4)** | **13.3** |
| Net income from discontinued operations | (1.3) | — | — | — | — | — |
| **Net income** | **31.3** | **3.7** | **16.7** | **(4.0)** | **(7.4)** | **13.3)** |

### Summary consolidated statement of financial position

| (€ in millions) | As of December 31, 2017 | As of December 31, 2018* | As of December 31, 2019 | As of March 31, 2020 |
|---|---|---|---|---|
| **Assets** | | | | |
| Total non-current assets | 526.0 | 808.1 | 974.9 | 970.2 |
| Total current assets | 611.5 | 705.3 | 754.6 | 853.6 |
| **Total assets** | **1,137.5** | **1,513.4** | **1,729.5** | **1,823.8** |
| **Equity and liabilities** | | | | |
| Shareholders' equity | 115.2 | 51.3 | 59.1 | 52.8 |
| Non-controlling interests | (0.3) | 1.0 | 2.5 | 4.4 |
| **Total equity** | **114.9** | **52.3** | **61.6** | **57.2** |
| Total non-current liabilities | 667.2 | 912.6 | 1,119.7 | 1,113.3 |
| Total current liabilities | 355.3 | 548.6 | 548.2 | 653.3 |
| **Total equity and liabilities** | **1,137.5** | **1,513.4** | **1,729.5** | **1,823.8** |

* Restated. See "*Presentation of financial information and other data—Restatements*."

### Summary consolidated statement of cash flows

| (€ in millions) | Year ended December 31, 2017* | 2018 | 2019 | Three months ended March 31, 2019 | 2020 |
|---|---|---|---|---|---|
| Net income | 31.3 | 3.7 | 16.7 | (4.0) | (7.4) |
| Net cash from operating activities—continuing operations | 103.2 | 58.9 | 109.9 | 35.3 | 115.6 |
| Net cash from (used in) investing activities—continuing operations | (84.2) | (201.3) | (91.0) | (8.6) | (8.4) |
| Net cash from (used in) financing activities—continuing operations | 4.5 | 149.1 | (32.9) | (9.3) | (5.3) |
| Cash and cash equivalents at beginning of period** | 50.1 | 70.6 | 77.4 | 77.4 | 63.5 |
| Cash and cash equivalents at end of period** | 70.6 | 77.4 | 63.5 | 94.8 | 165.3 |

* Restated by reclassifying €18.5 million of bank overdrafts of Italian entities outstanding on the date on which we acquired these entities, from the line item business acquisitions (net of cash acquired) to the line item net cash and cash equivalents for the year ended December 31, 2017.

** Includes cash and cash equivalents from discontinued operations.

### Consolidated change in working capital

| (€ in millions) | Year ended December 31, 2017 | 2018 | 2019 | Three months ended March 31, 2019 | 2020 |
|---|---|---|---|---|---|
| Inventories decrease/(increase) | (9.7) | (37.1) | (16.9) | (0.1) | (15.2) |
| Trade receivables decrease/(increase) | 44.4 | 20.3 | (8.3) | (28.2) | 21.2 |
| Trade payables increase/(decrease) | (9.1) | (7.6) | (9.3) | 36.0 | 75.0 |
| Other receivables and payables | (11.3) | (6.5) | (7.3) | (3.6) | (1.2) |
| **Change in working capital** | **14.3** | **(30.9)** | **(41.8)** | **4.1** | **79.8** |

**Selected segment financial data**

| (€ in millions, unless indicated otherwise) | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2019 | 2020 |
| **Revenue** | **1,254.8** | **1,465.8** | **1,797.4** | **451.2** | **436.7** |
| *Of which Light Vehicle France* | 855.1 | 902.7 | 910.7 | 230.4 | 215.7 |
| *Of which Trucks* | 157.6 | 168.2 | 165.4 | 43.6 | 40.0 |
| *Of which Light Vehicle International* | 242.1 | 368.9 | 461.5 | 111.4 | 117.2 |
| *Of which Digital B2C* | — | 26.0 | 259.8 | 65.8 | 63.8 |
| Revenue organic growth(1) | 2.1% | 4.7% | 4.5% | 2.9% | (6.3)% |
| **Adjusted EBITDA(2)** | **118.0** | **128.1** | **154.4** | **31.4** | **26.3** |
| *Adjusted EBITDA margin(3)* | 9.4% | 8.7% | 8.6% | 7.0% | 6.0% |
| **Adjusted EBITDA excluding Digital B2C(4)** | **118.0** | **134.2** | **151.5** | **34.1** | **25.9** |
| *Adjusted EBITDA excluding Digital B2C margin(5)* | 9.4% | 9.3% | 9.8% | 8.8% | 6.9% |
| Adjusted EBITDA—Light Vehicle France | 110.6 | 112.6 | 121.6 | 28.3 | 22.3 |
| *Adjusted EBITDA margin—Light Vehicle France(3)* | 12.9% | 12.5% | 13.4% | 12.3% | 10.3% |
| Adjusted EBITDA—Trucks | 1.6 | 4.2 | 5.6 | 0.8 | — |
| *Adjusted EBITDA margin—Trucks(3)* | 1.0% | 2.5% | 3.4% | 1.8% | — |
| Adjusted EBITDA—Light Vehicle International | 17.7 | 29.8 | 37.9 | 8.3 | 7.3 |
| *Adjusted EBITDA margin—Light Vehicle International(3)* | 7.3% | 8.1% | 8.2% | 7.5% | 6.2% |
| **Adjusted EBITDA—Digital B2C** | **—** | **(6.1)** | **2.9** | **(2.7)** | **0.4** |
| *Adjusted EBITDA margin—Digital B2C(3)* | — | (23.5)% | 1.1% | (4.1)% | 0.6% |
| Adjusted EBITDA Headquarters | (11.9) | (12.4) | (13.6) | (3.3) | (3.7) |
| **Adjusted EBITDA organic growth(1)** | **6.4%** | **3.6%** | **7.0%** | **0.4%** | **18.5%** |

(1) Revenue organic growth and Adjusted EBITDA organic growth between two periods (N and N-1) are determined as follows:

- In respect of acquisitions made in period N, by deducting, from the period N revenue and Adjusted EBITDA, revenue and Adjusted EBITDA, respectively, generated in period N by such acquisitions;
- In respect of acquisitions made in period N-1, by deducting from the period N and period N-1 revenue and Adjusted EBITDA, revenue and Adjusted EBITDA, respectively, generated in period N and N-1 by such acquisitions; and
- In respect of disposals, by deducting, from the period N and N-1 revenue and Adjusted EBITDA, the revenue and Adjusted EBITDA, respectively, generated by disposals made in period N and in period N-1.

From time to time we acquire, sell or close individual sites or businesses as part of our ongoing network management. These transactions are considered not material over the historical period and are deemed to be part of organic growth.

(2) Adjusted EBITDA presented in this table excludes the impact of IFRS 16. See "*Presentation of financial information and other data—Other financial measures.*"

(3) Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue and is calculated on a consolidated basis and by segment.

(4) Adjusted EBITDA (excluding Digital B2C) represents Adjusted EBITDA less Adjusted EBITDA—Digital B2C.

(5) Adjusted EBITDA margin (excluding Digital B2C) represents Adjusted EBITDA (excluding Digital B2C) as a percentage of revenue, excluding Digital B2C revenue.

## Other financial and pro forma data

| (€ in millions, unless indicated otherwise) | Year ended December 31, 2017 | 2018 | 2019 | Three months ended March 31, 2019 | 2020 | Twelve months ended March 31, 2020 |
|---|---|---|---|---|---|---|
| Adjusted EBITDA(1) | 118.0 | 128.1 | 154.4 | 31.4 | 26.3 | 149.3 |
| Adjusted EBITDA—IFRS 16(1) | — | — | 202.0 | 42.8 | 38.6 | 197.8 |
| Adjusted EBITDA margin(2) | 9.4% | 8.7% | 8.6% | 7.0% | 6.0% | 8.4% |
| Adjusted EBITDA—IFRS 16 margin(2) | — | — | 11.2% | 9.5% | 8.8% | 11.1% |
| Change in working capital(3) | 14.3 | (30.9) | (41.8) | 4.1 | 79.8 | 33.9 |
| Adjusted capital expenditure(4) | 26.2 | 32.0 | 39.4 | 8.2 | 8.2 | 39.4 |
| Net operating cash flow(5) | 106.1 | 65.2 | 73.2 | 27.3 | 97.9 | 143.8 |
| Cash conversion(6) | 89.9% | 50.9% | 47.4% | 86.9% | 372.2% | 96.3% |
| **Pro forma financial data** | | | | | | |
| Pro forma Adjusted EBITDA(1) | | | | | | 219.9 |
| Pro forma net senior secured debt(7) | | | | | | 791.2 |
| Pro forma net financial debt(8) | | | | | | 1,061.2 |
| Pro forma net interest expense(9) | | | | | | |
| Ratio of pro forma net senior secured debt(7) to Pro Forma Adjusted EBITDA(1) | | | | | | 3.6x |
| Ratio of pro forma net financial debt(8) to Pro Forma Adjusted EBITDA(1) | | | | | | 4.8x |
| Ratio of Pro Forma Adjusted EBITDA(1) to pro forma net interest expense(9) | | | | | | x |

(1) Adjusted EBITDA represents operating income from ordinary activities of the Parent Guarantor before depreciation/amortization expense (as included in our financial statements for the years ended December 31, 2017, 2018 and 2019 and for the three months ended March 31, 2019 and 2020), as adjusted for certain non-cash items and certain items we believe are non-recurring or otherwise not reflective of the ongoing performance of our business, including start-up costs related to new businesses, income and expenses attributable to the implementation of our transformation plan, fees paid to our shareholders and exceptional one-off expenses related to professional conferences, and as further adjusted to eliminate the impact of IFRS 16. Adjusted EBITDA is presented because we believe it is a relevant measure for assessing performance and cash flows and thus aids in understanding our profitability for a given period. For a description of the limitations of Adjusted EBITDA as a financial measure, see "*Presentation of financial information and other data—Other financial measures.*"

Adjusted EBITDA—IFRS 16 represents operating income from ordinary activities of the Parent Guarantor before depreciation/amortization expense (as included in our financial statements for the year ended December 31, 2019 and for the three months ended March 31, 2019 and 2020), as adjusted for certain non-cash items and certain items we believe are non-recurring or otherwise not reflective of the ongoing performance of our business, including start-up costs related to new businesses, income and expenses attributable to the implementation of our transformation plan, fees paid to our shareholders and exceptional one-off expenses related to professional conferences without eliminating the impact of IFRS 16. Adjusted EBITDA is presented because we believe it is a relevant measure for assessing performance and cash flows and thus aids in understanding our profitability for a given period. For a description of the limitations of Adjusted EBITDA as a financial measure, see "*Presentation of financial information and other data—Other financial measures.*"

Pro Forma Adjusted EBITDA represents Adjusted EBITDA—IFRS 16 of the Parent Guarantor after giving pro forma effect to the acquisitions made during the twelve months ended March 31, 2020, and related synergies and cost saving measures. Pro Forma Adjusted EBITDA as presented herein differs from Consolidated EBITDA as defined in the Indenture governing the Notes. We cannot assure you that we will be able to realize all these purchasing and cost savings, and the costs we incur to realize these savings may be higher than expected or may outweigh the benefits. See "*Risk factors—Risks related to our business—We may face challenges in integrating businesses that we have acquired or will acquire, and in expanding into new markets and may be unable to realize the expected synergies and savings from these businesses or cost improvement initiatives we have taken.*"

Pro Forma Adjusted EBITDA is presented for informational purposes only. This information does not purport to represent what our results of operations or other financial information would have been had the acquisitions made during the twelve months ended March 31, 2020, occurred on April 1, 2019, or on any other date. These numbers have not been audited and are not derived from accounts prepared in accordance with IFRS. For the limitations of Pro Forma Adjusted EBITDA, see "*Presentation of financial information and other data—Other financial measures.*"

The following table reconciles operating income from ordinary activities to Adjusted EBITDA and Pro Forma Adjusted EBITDA for the periods indicated:

| (€ in millions) | Year ended December 31, 2017 | Year ended December 31, 2018 | Year ended December 31, 2019 | Three months ended March 31, 2019 | Three months ended March 31, 2020 | Twelve months ended March 31, 2020 |
|---|---|---|---|---|---|---|
| **Operating income from ordinary activities** | **77.8** | **73.5** | **84.7** | **14.4** | **9.4** | **79.7** |
| Depreciation and amortization expenses | 29.8 | 39.4 | 95.0 | 22.8 | 23.3 | 95.5 |
| Additional receivables provision | — | — | — | — | 2.0 | 2.0 |
| Website start-up costs[(a)] | 1.8 | 2.3 | 2.2 | 0.9 | 0.7 | 2.0 |
| Non-recurring income and expenses attributable to implementation of the group transformation plan[(b)] | 6.7 | 8.5 | 18.5 | 4.3 | 2.6 | 16.8 |
| Management fees[(c)] | 1.7 | 1.7 | 1.7 | 0.4 | 0.5 | 1.8 |
| Professional conference expenses[(d)] | 0.3 | 1.4 | (0.1) | — | — | — |
| Purchasing power exceptional bonus[(e)] | — | 1.2 | — | — | — | — |
| IFRS 16 rental costs elimination | — | — | (47.6) | (11.4) | (12.2) | (48.4) |
| **Adjusted EBITDA** | **118.0** | **128.1** | **154.4** | **31.4** | **26.3** | **149.3** |
| IFRS 16 rental costs | — | — | 47.6 | 11.4 | 12.2 | 48.4 |
| **Adjusted EBITDA—IFRS 16** | — | — | **202.0** | **42.8** | **38.6** | **197.8** |
| Full-year impact on Adjusted EBITDA of acquisitions and related synergies[(f)] | | | 25.9 | — | — | 22.1 |
| **Pro Forma Adjusted EBITDA** | | | **228.0** | — | — | **219.9** |

(a) Represents the non-recurring start-up costs associated with launching our IDGARAGES.com website that only generates *de minimis* revenue and is currently under testing, primarily made up of staff costs, IT development costs and marketing charges.

(b) Represents certain expenses, including legal fees, restructuring costs and advisory costs, in connection with the financial and capital transformation of the Group. See *"Summary—Our strengths—Finalize operational transformation to consolidate our leading position in the Trucks segment and increase our margins"* for more information.

(c) Represents fees paid to intermediate holding companies to cover management, administrative, consulting, audit, and legal fees and expenses, including in connection with our management incentive plan.

(d) Represents the portion of the expenses borne by the Group in the years ended December 31, 2017 and 2018 for the organization of two trade fairs that take place every four years.

(e) Represents a bonus received as part of the "*prime Macron*" program following the *gilet jaunes* strikes in France.

(f) For the year ended December 31, 2019, represents (a) the full year Adjusted EBITDA contribution of AD Bosch, which we acquired in August 2019, as if this acquisition had closed on January 1, 2019 (€5.0 million), (b) the pro forma impact of the acquisition of Oscaro for the year ended December 31, 2019 (€17.5 million), based on our estimate of the full year effect of the acquisition on our Adjusted EBITDA—IFRS 16 (approximately €21 million), including the run-rate impact of our turnaround plan already completed (approximately €7 million) and of additional cost optimization measures and purchasing synergies to be implemented (approximately €10 million) *less* the Adjusted EBITDA contribution of Oscaro for the year ended December 31, 2019 already included in our Adjusted EBITDA—IFRS 16, and (c) the full year effect of synergies related to the acquisitions of Geevers (€1.0 million), Vervier Freins (€0.4 million) and AD Bosch (€2.0 million).

For the twelve months ended March 31, 2020, represents (a) the Adjusted EBITDA contribution of AD Bosch for the twelve months ended March 31, 2020, as if this acquisition had closed on April 1, 2019 (€2.8 million), (b) the pro forma impact of the acquisition of Oscaro for the twelve months ended March 31, 2020 (€15.1 million), based on our estimate of the full year effect of the acquisition on our Adjusted EBITDA—IFRS 16 (approximately €21 million), including the run-rate impact of our turnaround plan already completed (approximately €7 million) and of additional cost optimization measures and purchasing synergies to be implemented (approximately €10 million) *less* the contribution of Oscaro for the twelve months ended March 31, 2020 already included in our Adjusted EBITDA—IFRS 16, and (c) the full twelve-month effect of synergies related to the acquisitions of Geevers (€1.0 million), Vervier Freins (€0.4 million) and AD Bosch (€2.0 million).

The synergies reflected above primarily relate to: (i) purchasing synergies on supplier contracts negotiated by the Group, calculated on the basis of the volume of purchases for the relevant period, and signed rebate rates following the acquisitions as if the renegotiated contracts had been in place on the first day of such period; (ii) solely with respect to Oscaro, initiatives that we implemented as part of our turnaround plan with respect to Oscaro, including (a) the rationalization of non-core entities through the concentrating and shutting down non-core entities in non-core geographies and other normalization initiatives and (b) optimization measures (including supply chain optimization, call center rationalization, overhead cost savings and footprint optimization); and (iii) solely with respect to AD Bosch, purchasing synergies on contracts with suppliers of ISOTECH lubricants to the Group in order to replicate the better purchasing conditions of AD Bosch on lubricants or, alternatively, by sourcing lubricants directly from Spain.

Although it is our objective to reach the levels of projected synergies reflected above, no assurance can be given that such levels will be achieved or that additional unanticipated costs will not arise to achieve these synergies. Our synergy estimates are based on a number of assumptions made in reliance on the information available to us and our judgments based on such information. The assumptions used in estimating synergies are inherently uncertain and are subject to significant business, economic and competitive risks and uncertainties that could cause our actual results to differ materially from those contained in the synergy benefit estimates, including those described in "*Risk Factors—Risks Related to our Business—We may face challenges in integrating businesses that we have acquired or will acquire,* *and in expanding into new markets and may be unable to realize the expected synergies and savings from these businesses or cost improvement initiatives we have taken.*"

(2) Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue and is calculated on a consolidated basis and by segment and Adjusted EBITDA—IFRS 16 margin represents Adjusted EBITDA—IFRS 16 as a percentage of revenue and is calculated on a consolidated basis and by segment.

(3) Change in working capital for a given period represents the change in inventories, trade payables, trade receivables and other receivables and payables. See "*—Consolidated change in working capital.*"

(4) Capital expenditure consists solely of the acquisition of non-current assets. Adjusted capital expenditures exclude from capital expenditure the one-off investments made in our new automated Logisteo platform. It is calculated as follows:

| | **Year ended December 31,** | | | **Three months ended March 31,** | | **Twelve months ended March 31,** |
|---|---|---|---|---|---|---|
| **(€ in millions)** | **2017** | **2018** | **2019** | **2019** | **2020** | **2020** |
| Capital expenditures | 28.0 | 32.8 | 40.0 | 8.4 | 8.2 | 39.8 |
| Logisteo platform investments | (1.8) | (0.8) | (0.6) | (0.2) | — | (0.4) |
| **Adjusted capital expenditures** | **26.2** | **32.0** | **39.4** | **8.2** | **8.2** | **39.4** |

(5) Net operating cash flow is defined as Adjusted EBITDA, net of adjusted capital expenditure and including the change in working capital. It is calculated as follows:

| | **Year ended December 31,** | | | **Three months ended March 31,** | | **Twelve months ended March 31,** |
|---|---|---|---|---|---|---|
| **(€ in millions)** | **2017** | **2018** | **2019** | **2019** | **2020** | **2020** |
| Adjusted EBITDA | 118.0 | 128.1 | 154.4 | 31.4 | 26.3 | 149.3 |
| Change in working capital | 14.3 | (30.9) | (41.8) | 4.1 | 79.8 | 33.9 |
| Adjusted capital expenditures | (26.2) | (32.0) | (39.4) | (8.2) | (8.2) | (39.4) |
| **Net operating cash flow** | **106.1** | **65.2** | **73.2** | **27.3** | **97.9** | **143.8** |

(6) Cash conversion is defined as net operating cash flow divided by Adjusted EBITDA.

(7) Pro forma net senior secured debt represents debt of the Parent Guarantor and its subsidiaries that is secured by a senior ranking lien over the Collateral, as of March 31, 2020, less cash and cash equivalents, as adjusted to give effect to the Refinancing. See "*Capitalization.*" Our cash and cash equivalents as of March 31, 2020, are higher than usual, due to various measures that we implemented following the COVID-19 outbreak in order to maximize our liquidity, such as drawings on certain lines of credit, deferral of supplier payments and working capital optimization. See "*Recent Developments.*" Prior to the COVID-19 outbreak, our net senior secured debt was €856.7 million as of December 31, 2019, without giving effect to the Refinancing, and the ratio of our net senior secured debt to our Pro Forma Adjusted EBITDA for the year ended December 31, 2019, was 3.75x.

(8) Pro forma net financial debt represents total financial debt of the Parent Guarantor and its subsidiaries excluding the effect of amortized financing fees, the value of a put option held by minority shareholders of certain of our subsidiaries and the Contingent Value Instruments, less cash and cash equivalents, as adjusted to give effect to the Refinancing. See "*Capitalization.*" Our cash and cash equivalents as of March 31, 2020, are higher than usual, due to various measures that we implemented following the COVID-19 outbreak in order to maximize our liquidity, such as drawings on certain lines of credit, deferral of supplier payments and working capital optimization. See "*Recent Developments.*" Prior to the COVID-19 outbreak, our net financial debt was €1,145.4 million as of December 31, 2019, without giving effect to the Refinancing, and the ratio of our net financial debt to our Pro Forma Adjusted EBITDA for the year ended December 31, 2019, was 5.0x. Our ratio of pro forma net financial debt (excluding leases) as of March 31, 2020, to Pro Forma Adjusted EBITDA would have been 4.0x.

(9) Pro forma net interest expense represents net interest expense of the Parent Guarantor and its subsidiaries for the twelve months ended March 31, 2020, as adjusted as if the Refinancing had been completed as set forth in "*Use of proceeds*" on April 1, 2019. Pro forma net interest expense for the Parent Guarantor and its subsidiaries gives effect to the issuance of the Notes, the Existing Senior Secured Fixed Rate Notes Redemption and the Existing 2019 Senior Secured Floating Rate Notes Redemption on or about the Issue Date, but does not include any charges related to debt issuance costs in connection with the Offering. Pro forma net interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issuance of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

## RISK FACTORS

*An investment in the Notes involves a high degree of risk. In addition to considering carefully, in light of the circumstances and your individual investment objectives, the information contained elsewhere in this Offering Memorandum, you should carefully consider the risks described below before investing in the Notes. If any of the events described below actually occurs, our business, results of operations or financial condition could be materially adversely affected and, accordingly, the value and the trading price of the Notes may decline, resulting in a loss of all or part of any investment in the Notes. The order in which the risk factors are presented does not necessarily reflect the likelihood of their occurrence or the magnitude or significance of the individual risk factor. Furthermore, the risks and uncertainties described herein may not be the only ones that we face. Additional risks and uncertainties not presently known to us or that we currently consider to be immaterial may also have a material adverse effect on our business, results of operations or financial condition.*

### Risks related to our business

***Material disruptions to our supply chain or logistics platforms, in particular to our warehouses or transportation network, could have a material adverse effect on our business, results of operations and financial condition.***

As of December 31, 2019, our distribution network infrastructure in France was composed of our CPUs and regional warehouses, connected to 33 wholly-owned distributors and 48 affiliated independent distributors operating out of approximately 487 owned and affiliated distribution locations. Our light vehicle operations in France are serviced by three logistics platforms: (i) Logisteo, our automated warehouse, (ii) ACR, focused on key accounts and online customers and (iii) Cora, focused on light vehicle body parts for collision repair. Our light vehicle operations in Benelux, Italy and Spain are serviced by five logistics platforms: Doyen Auto and Geevers which cover Belgium and the Netherlands as well as certain online customers, OVAM/Ricauto and G-Group which cover Italy and AD Bosch which covers Spain. Our Trucks segment is serviced by one logistics platform called Bremstar. We rely on road transportation for the prompt transfer of the products that we distribute from our warehouses or distribution sites directly to our customers.

A material disruption at any one of our warehouses or distribution sites or to our logistics platform or transportation network caused, for example, by fire, weather-related problems, outbreaks of contagious diseases, employee strikes, lock-outs and inadequacies in the transport infrastructure, or other events, could affect our ability to meet customer demand in a timely manner or at all, which, in turn, could have a material adverse effect on our business, results of operations and financial condition. Our insurance coverage may be insufficient to cover any damages that may arise or to compensate us for any losses that we may incur, due to such interruption of our operations.

We also rely, directly and indirectly, upon independent third-party logistics providers to ship to us most of our products from our suppliers and to transport products from our logistics platforms to our distribution network. Our use of any logistics provider is subject to risks, including increases in fuel prices, which could increase our shipping and transportation costs. Strikes, work stoppages, mandatory quarantines, shelter-in-place arrangements, government actions, facility closures and inclement weather may impact such logistics providers' ability to provide delivery services that adequately meet our needs. If we change our arrangements with, or lose one of our important third-party logistics providers, we could face logistical difficulties that could materially adversely affect our operations and could cause us to incur significant costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those received from the third-party logistics providers we currently use, which in turn would increase our costs.

Since we distinguish ourselves on the basis of our superior delivery times (some of which are as short as a few hours), any material disruption that lengthens delivery times to our customers could strain our relationships with such customers and, as a result, may affect our business, results of operations, financial condition and reputation.

We are also exposed to an increase in transportation costs. In the year ended December 31, 2019, transportation costs accounted for 5.1% of our revenue. Transportation costs have historically fluctuated significantly over time, particularly in connection with oil prices. Increased transportation costs in turn could result in reduced profits. Any disruption in transportation services, or any increases in the cost of transportation, could have a material adverse effect on our business, results of operations and financial condition.

***Any outbreak of severe communicable diseases, including COVID-19, may materially affect our business and results of operations.***

Significant outbreaks of contagious diseases, including the outbreak of COVID-19 or other diseases, may result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, leading to substantial declines in consumer purchasing power and resulting in an economic downturn that could affect demand for our products, our ability to collect against existing trade receivables and our operating results. In particular, in response to the COVID-19 pandemic, on March 17, 2020, the French government imposed a nationwide lockdown together with several other measures, which have had, among other things, a material adverse impact on the overall French economy and our results of operations and financial condition. As a result of these restrictive measures in France and in the other markets in which we operate, only a select number of our sites remained open during the initial phase of the lockdown while we maintained a limited number of employees in business-critical functions, and transitioned all of our eligible employees to remote working or to the French temporary unemployment scheme (*chômage partiel*).

Even though the strict lockdown in France was lifted on May 11, 2020, significant restrictions and social distancing measures remain in place, which continue to adversely affect the overall French economy and, in turn, our operations. The full impact of the lockdown on the French economy is not yet known. Similar measures remain in place in the Benelux, Italy and Spain. If a significant portion of our workforce is unable to work effectively due to prolonged illness, quarantines, shelter-in-place arrangements, government actions, facility closures or other reasons in connection with the COVID-19 pandemic, our operations could be further materially impacted. We may also be unable to perform fully on our contracts and carry out new sales activity, and some of our costs may not be fully recoverable or adequately covered by insurance.

In addition, as a result of social distancing measures and restrictions imposed in response to the COVID-19 pandemic, our branded garages, Affiliated Distributors and customers may not be able to operate their businesses for a prolonged and indeterminate period of time, which would likely impact our operations. Additionally, it is possible that the continued spread of COVID-19, further waves of infection, or a renewed or extended lockdown, if materialized, will cause further disruption in our business operations, cause delay, or limit the ability of, garages, customers and suppliers to perform under their existing contracts, including making timely payments to us, and cause other unpredictable events. Customers may experience significant losses due to the COVID-19 outbreak and may terminate their existing contracts or postpone or ultimately cancel future planned orders and contracts due to those losses. Both domestic and international travel may be further restricted to certain areas which may limit our ability to obtain new customers and enter new markets, to provide services in the areas in which our customers are currently located or otherwise conduct our operations as we would do under normal circumstances.

We are implementing enhanced health and safety measures in our operations in line with public health rules and guidelines and industry practices to combat the spread of the COVID-19 pandemic. In addition to the increase in costs associated with the implementation of such measures, we are also exposed to the risk of an increase in the number of workplace and third-party claims arising from actual or alleged failures to implement such measures adequately, or at all, and a potential increase in legal, advisory and other costs as a result from any COVID-19 pandemic related claims from workers or third party customers and suppliers that may come into contact with our operations. All or any of these factors could have a material adverse effect on our business, results of operations and financial condition.

Our activities have been, and may in the future be, disrupted by restrictions imposed by governments or other authorities to address the risk of transmission of COVID-19, or by changes in consumer behavior, which may result in a loss of consumers for us and our garages and Affiliated Distributors, and our future rate of growth may slow compared to the past. The general economic impacts of COVID-19 restrictions may result in consumers driving less often and therefore not using our garages or Digital B2C services and solutions or deciding to postpone, cancel or reduce spending on their vehicles. This could result in a reduction or delay in revenue collection, which could impact our liquidity, cash flow and financial condition.

The disruptions triggered by COVID-19 in countries where our suppliers are located may also result in a slow-down of their production activities and other disruptions, any of which could have a material impact on our business, financial condition and results of operations and cash flows.

In order to secure our liquidity position as a result of the COVID-19 outbreak, we have entered into certain government-backed loans in Italy and Belgium and into loans with certain commercial banks in Spain and the Netherlands in May and June 2020. On July 1, 2020, we entered into the PGE Loan in France. Drawing under the

PGE Loan is subject to the satisfaction of certain conditions, including the publication of a decision (*arrêté ministériel*) by the French government to confirm the guarantee of the loan by the French State. We cannot guarantee that the French government will issue this *arrêté ministériel* and that we will be able to draw on the PGE Loan. If the business disruptions caused by COVID-19 last longer than we expect, we may continue to seek other sources of liquidity, including additional government-backed loans in other countries in which we operate, to the extent available, but there can be no guarantee that additional liquidity will be readily available or available on favorable terms and in amounts sufficient to enable us to service and repay our indebtedness, or to fund our other liquidity needs. Any deterioration in financial markets could impair our ability to obtain financing in the future, including our ability to incur additional indebtedness to operate our ongoing operations, fund liquidity needs or to refinance the Notes.

The outlook for the world economy following the outbreak of COVID-19 remains subject to unprecedented uncertainty and such uncertainty may be prolonged in many of the markets in which we operate. The International Monetary Fund predicts negative global growth in 2020 and many national governments have instituted rescue policies intended to prevent a financial recession. A renewed or future financial recession could lead to an adverse impact on demand for our products and on our results of operations.

In addition, political repercussions of responses to the COVID-19 outbreak by European Union institutions as well as by other countries in the European Union could have complex and hard-to-predict consequences for the future, including a destabilization of the European Union or its institutions or a slow-down or reversal of European integration. It is unclear whether measures taken by European Union institutions, the French government and other governments of the countries in which we operate to contain the COVID-19 outbreak are adequate and will be effective in achieving their goals. It is unclear when, if at all, the COVID-19 outbreak will be contained. We cannot guarantee that COVID-19 or any future outbreak of another virus or other contagious disease will not have a material adverse effect on our business and results of operations. The extent to which the COVID-19 pandemic negatively affects our business, results of operations and financial condition depends on several factors, such as the duration and severity of the COVID-19 pandemic, any additional periods of lockdown in the countries in which we operate, and the pace at which demand, pricing and, in general, economic and operating conditions will stabilize and recover in the countries where we operate, including France. Any future developments are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic. To the extent the COVID-19 pandemic adversely affects our business, results of operation, financial condition and prospects, as well as our ability to perform our obligations under the Notes, it may also have the effect of heightening many of the other risks described in this "*Risk Factors*" section.

***We do not manufacture any of the products that we distribute and are dependent on the ability of our third-party suppliers to meet our product requirements.***

We do not manufacture any of the products that we distribute. In 2019, we relied on approximately 260 third-party suppliers for the provision of light vehicle and truck spare parts, equipment and tools that are essential to our business. We are currently implementing a supplier concentration strategy by which we have rationalized our supplier relationships, reducing the number of suppliers from 293 in 2010 to approximately 260 in 2019, which allows us to negotiate with a smaller group of suppliers. For the year ended December 31, 2019, our top ten suppliers accounted for approximately 50% of our products purchases by volume (as compared with 35% in the year ended December 31, 2010), and our top supplier accounted for 12% of our products by volume.

Our business and, ultimately, our results of operations are dependent on our suppliers' ability to provide us with products. Our suppliers may fail to meet delivery deadlines, provide us with sufficient products or comply with our quality requirements. The capacity of some of our suppliers to meet our supply requirements may in the future be constrained at various times and our suppliers may be susceptible to production difficulties, insufficient quality control, failures to meet production deadlines or increases in manufacturing costs or other factors that negatively affect the quantity or quality of their production.

Production by one or more suppliers could be disrupted due to a variety of factors, including closures of one of our suppliers' plants or critical manufacturing lines due to strikes, mechanical breakdowns, electrical outages, fires, explosions, terrorist attacks, financial distress or bankruptcy, as well as political upheaval, adverse economic events or logistical complications, shelter-in-place arrangements, facility closures, weather, natural disasters, outbreaks of contagious diseases, border closures, delayed customs processing or other events. Any short-term or prolonged disruption in the supply of spare parts from our suppliers could have a material adverse effect on our business, results of operations and financial condition. In the event that one or more of our major suppliers experiences operational or financial difficulties and we are unable to secure alternative sources in a timely manner or on commercially beneficial terms, we may experience inventory shortages which could result in unfilled customer orders and lost revenues due to our "just-in-time" delivery method, as well as damage to our business reputation.

If our suppliers are unable or unwilling to continue to provide us with products under our presently agreed terms, or if we are unable to obtain products from our suppliers in the future at favorable prices, our margins will likely be negatively impacted and there could be a material adverse effect on our business, results of operations and financial condition. Moreover, if there is a significant or unexpected drop in customer demand or if there is a significant increase in customer demand that we are unable to meet from our "on-hand" inventory stock or procure in time from our suppliers, our business, results of operations and financial condition could be adversely affected.

From time to time and in a limited number of cases, we have entered into agreements with, or provided services to, certain suppliers that may not necessarily be formalized in writing or otherwise and may enter into such agreements or provide such services in the future. In such circumstances, such suppliers could potentially demand higher prices or more stringent payment terms or may break off the agreement with limited notice and we may have no contractual remedy against such suppliers if we suffer economic loss as a result of their actions. Our ability to ensure continuity of supply from such suppliers might also be limited.

***Our business is exposed to risks associated with economic and other conditions in the global economy and in particular in France, Benelux, Italy and Spain.***

The demand for certain of the products that we distribute may be impacted by the condition of the global economy and in particular by economic conditions in France, Benelux, Italy and Spain. Global economic conditions have deteriorated over recent months due to the COVID-19 outbreak. The light vehicle spare parts aftermarket tends to be affected in the early period of an economic recession, when end-customers delay the maintenance of their light vehicles. The truck spare parts aftermarket is more cyclical than the light vehicle spare parts aftermarket, due to the correlation of the demand for road freight with general economic conditions. Simultaneously, de-stocking occurs at all levels of the spare parts supply chain, which may cause short- to medium-term decreases in sales by distributors of light vehicle and truck spare parts. France is our principal geographic market, representing 74% of our revenue and 77% of our Adjusted EBITDA for the year ended December 31, 2019. We also operate in Benelux, Italy and Spain and our Light Vehicle International segment represented 26% of our revenue and 23% of our Adjusted EBITDA over the same period. The outlook for the world economy remains subject to uncertainty, particularly in light of the impact of the COVID-19 pandemic, which may lead to prolonged periods of economic uncertainty in our main markets, especially France. See also "*Any outbreak of severe communicable diseases, including COVID-19, may materially affect our business and results of operations.*" Such uncertainty could decrease consumer confidence and consumer and business expenditures on vehicle maintenance, or less frequent visits by our customers to our garages, which could have an adverse effect on our business, results of operations and financial condition.

We cannot predict the timing or duration of any economic slowdown or the timing or strength of a subsequent economic recovery, worldwide or in the geographies in which we operate. If the light vehicle and truck spare parts aftermarket significantly deteriorates due to economic conditions, we could have an adverse effect on our business, results of operations and financial condition. Continued uncertainty in global economic conditions (particularly in the Eurozone) also poses a risk to our existing contractual arrangements and the fulfillment of obligations by us, our product suppliers or our customers. If the current economic situation deteriorates significantly or if one or more Eurozone countries were to depart from the euro, our business could be materially adversely impacted.

We are also subject to the risk of increased costs due to general economic conditions, both in forms of increased employee costs and increased operational costs. Any failure to pass such increases in costs on to our customers could impact our business, results of operations and financial condition.

Furthermore, our business and financial results may be adversely affected by factors and conditions that negatively affect the frequency with which our customers visit our garages, such as terrorism, social unrest, outbreaks of contagious diseases and political instability. We cannot accurately foresee the extent to which such events may affect our business, directly or indirectly, in the future and cannot assure investors that we will choose or be able to obtain insurance coverage with respect to occurrences of terrorist acts or certain other events and any losses that could result from these events. An actual or perceived terror threat, health emergency, social unrest or internal instability in France or in our other markets may negatively affect the frequency of our customers' visits to our garages, which in turn could adversely affect our business, financial condition and results of operation.

Additionally, if there is a disruption at our warehouses (particularly at our key automated warehouse, Logisteo) or branded garages, an interruption in our supply and logistics chain and/or suppliers are unable to manufacture or deliver our products due to such catastrophic events, our business, results of operations and financial condition could be materially adversely affected.

***Our growth strategy will require us to expand and improve our operations, and risks associated with our expansion plans may adversely affect our business, results of operations and financial condition.***

Our growth strategy includes, among others, strengthening our market position in France, Benelux, Italy and Spain and expanding into new geographical markets that offer logistics and purchasing synergies with our existing operations. We may implement this strategy through organic growth, diversifying our activities or selected acquisitions, such as the recent acquisition of Oscaro and a majority stake in AD Bosch and future acquisitions in adjacent geographies. Acquisitions pose additional risks, including paying too high a purchase price, the assumption of unexpected liabilities and the impact of a change of control on the acquired business including with respect to contracts and financing agreements. In addition, our ability to engage in strategic acquisitions may depend on our ability to raise substantial capital and we may not be able to raise the funds necessary to implement our acquisition strategy on terms satisfactory to us, if at all. In addition, the integration of an acquired business and our systems, operations and personnel, particularly in respect of businesses operating in adjacent markets, could be more difficult and time-consuming than anticipated, which could lead to increased operating costs, the loss of key employees and customers, and a failure to realize anticipated operating savings. Our failure to identify suitable acquisition opportunities may restrict our ability to grow our business. In the near term, we also expect the impact of COVID-19, and our desire to manage our expenditures during the pandemic, to limit the number of acquisitions we make.

Our logistics complexity will increase as our footprint grows. This increased complexity will require that we continue to expand and improve our capabilities, including our IT and other logistics management capabilities, as well as to grow, train and manage our employee base. We will also need to continually evaluate the adequacy of our information and distribution systems, controls and procedures related to financial reporting. Implementing new systems, controls and procedures and any changes to existing systems, controls and procedures could present challenges that we do not anticipate and which could negatively impact our business, results of operations and financial condition. In addition, this increased complexity will require us to continually evaluate whether personnel with appropriate levels of expertise and experience are properly allocated in accordance with our growth strategy, and any failure to allocate such personnel may make it more difficult to achieve our growth strategy.

Our growth could also make it difficult for us to adequately predict the expenditures we will need to make in the future. This growth could impact the operational flexibility and reactivity of our supply chain and make us unable to react as promptly to changing customer demands and new market trends as we have been able to do historically. We may not be able to anticipate all of the demands that our expanding operations will impose on our business, personnel, systems, controls and procedures, and our failure to appropriately address such demands could materially adversely impact our existing operations and prevent us from implementing our growth strategy.

***We may face challenges in integrating businesses that we have acquired or will acquire, and in expanding into new markets and may be unable to realize the expected synergies and savings from these businesses or cost improvement initiatives we have taken.***

In the past, we have occasionally acquired businesses in order to expand our operations. For example, in 2018, we acquired a leading independent retailer of multi-brand car body parts in Benelux (Geevers), an independent spare parts distributor in Italy (G-Group), a multi-brand distributor of car body parts in Belgium (Verviers Freins) and an online distributor of light vehicle spare parts in France (Oscaro) and in 2019, we acquired a majority stake in an independent spare parts distributor in Spain (AD Bosch). We could face significant challenges in managing and integrating an acquired business into our business. The process of integration can be more difficult and time-consuming than anticipated, leading to increased operating costs, the loss of key employees and customers, and a failure to realize anticipated synergies and operating savings, which can have a material adverse effect on our business, results of operations and financial condition.

If we cannot successfully integrate acquired businesses or any future potential acquisition within a reasonable time following our acquisition, we may not be able to realize the potential and anticipated benefits thereof. In connection with the integration of recently-acquired businesses or integrating any future potential acquisition into our existing operating structure, we will seek to realize purchasing and cost savings. For example, we often acquire targets, in part with the expectation that we would be able to integrate into our business the performance of their distribution networks, improve their operating results and realize purchasing and cost savings, particularly in the areas of procurement. There can be no guarantee that we will be able to fully integrate operations of past and future acquired businesses into our business, or at all, or that we will be in a position to realize some or all synergies and purchasing and cost savings when we acquire such targets. To achieve any of the foregoing, we could also be required to make additional capital expenditures which may be significant. Our anticipated cost savings are based upon assumptions about our ability to implement these measures in a timely fashion and within certain cost parameters. Our ability to achieve the planned cost savings is dependent upon a significant number of factors, some of which may be beyond our control. If one or more of our underlying assumptions regarding these projects proves to have been incorrect, these efforts could lead to substantially higher costs than planned, and we may not be able to realize fully, or realize in the anticipated time frame, the expected benefits from our cost measures. Furthermore, pricing pressure from our customers or competitors or other variables may deprive us of some of the benefits of the cost measures that we have assumed that we will be able to implement. Also, cost efficiencies from expected improved logistics and distribution processes may not be sustainable due to changes in customer needs, environmental law, logistics, transportation costs or other cost variables.

In addition, our new business initiatives could result in unintended consequences, such as the loss of key customers and suppliers. Our inability to realize the anticipated purchasing and cost savings and revenue enhancements from an acquisition and other measures that we have taken could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In the future, we may acquire businesses or undertake investments or reorganizations in a targeted manner. There can be no assurance, however, that we will be able to identify suitable businesses or investment opportunities and be able to acquire, or make the investment, on favorable terms. There is also a risk that not all material risks in connection with the acquisition of a company or the making of investments have been identified in the due diligence process and may not, therefore, be taken into account when deciding whether to acquire the business or make the investment. These risks may materialize only after a company has been acquired or an investment has been made, and may not be covered by the warranties in the related agreements or by insurance policies.

In addition, expansion into new markets, such as our expansion in the Spanish market through the acquisition of AD Bosch, entails greater risks than we face in our existing markets and such risks may be inherently higher if the expansion is made through acquisitions, due to the risks related to integrating acquired businesses. New markets may have different competitive and market conditions, customer preferences and discretionary spending patterns than our existing markets. In particular, expansion into new geographic markets exposes us to risks related to cultural and linguistic barriers, as well as risks related to navigating different legal and regulatory environments. We may also face a higher cost of entry, logistics difficulties and minimal operating experience in such territories. Our product and service offering may not be successful in new markets and our costs may increase due to cost overruns, unexpected delays or other unforeseen factors. Additionally, we may not be successful in our efforts to integrate new locations (regardless of whether they are the result of organic growth or of acquisitions) into our network. Any of these factors could have a material adverse effect on our business, results of operations and financial condition.

***Financial difficulties of our customers may require us to write off debts.***

Across each of our business lines, we rely on the ability of our customers to pay for the products that we distribute. If an affiliated independent distributor or other customer undergoes financial difficulties, payments can be significantly delayed and, ultimately, we may not be able to collect amounts payable to us under our agreements, resulting in write-offs of such debt. We maintain reserves for doubtful accounts and amounts past due. There can be no assurance, however, that such reserves are sufficiently large for the credit risks we face, particularly in relation to our affiliated independent distributors. Significant or recurring incidents of bad debts would adversely impact our business, results of operations and financial condition.

***Our industry is highly competitive.***

We operate in a highly competitive industry and face competition from a variety of types of spare parts distributors and sellers in the highly fragmented Western European spare parts aftermarket, which comprises Benelux, France, Germany, Italy and Spain and does not include the UK. We primarily compete on the basis of product availability, delivery lead time, quality of service, product range and technical support. Our main competitors are other light vehicle and truck spare parts distributors in France (such as Groupauto), Benelux (such as LKQ) and Italy (such as LKQ), as well as new online light vehicle and truck spare parts distributors (such as eurocarparts.com and autopm24.eu), which mainly compete with us on the basis of price. We believe that an increasing number of customers compare prices on the internet before making a purchase and generally choose products with the most competitive price.

Over time, online light vehicle and truck spare parts distributors may adopt our B2B distribution and logistics model, reduce costs and demand lower prices for the spare parts they sell. Furthermore, in certain countries, low-cost discount distributors have emerged that primarily compete on the basis of price and offer lower prices for the spare parts that they sell, and such low-cost discount distributors may decide to enter the French or one or more of our main markets. In addition, our competitors that currently purchase spare parts from suppliers on a decentralized basis may consolidate their purchasing functions across their various operations, subsidiaries or owned or Affiliated Distributors, and their purchasing scale may enable them to purchase spare parts at prices that are lower than we can obtain. As a result, they may be able to offer certain spare parts to customers at lower prices than we can. Our failure to adapt to these or other changes in the competitive landscape could result in a low profit margin, decreased revenue and loss of market share and could therefore have a material adverse effect on our business, results of operations and financial condition.

Our customers also compete with spare parts suppliers and manufacturers (such as Bosch, Faurecia, Knorr-Bremse and Valeo) and branded spare parts manufacturers (such as Peugeot, Fiat, Volkswagen and Renault, including their affiliated dealers). Car dealers typically specialize in light vehicles and trucks aged zero to four years old and capture a large share of light vehicle and truck repairs covered by warranties. Certain car dealers, however, have extended their new light vehicle warranties to up to eight years, and provide for long-term service programs to customers. If light vehicle and truck manufacturers continue to significantly expand (for example, as a result of changes in the legal environment) the scope of their warranties beyond the current limits, especially for replacement parts and maintenance items, these replacements and maintenance parts covered by such extended warranties would likely be performed by car dealers instead of us. Additionally, car manufacturers such as Peugeot are increasingly relying on their own logistics platforms to distribute light vehicle and truck spare parts even outside the usual warranty periods and for all vehicle brands and types, which could reduce our market share in the future and have a material adverse effect on our business, financial condition and results of operations.

In addition, we may face more intense competition in the future if competitors adopt aggressive pricing policies, expand their distribution networks, undertake more extensive marketing and advertising campaigns, offer more appealing products or adapt more quickly to changes in customer preferences and trends. We may also face competition from generalist online players entering or already present on the spare parts distribution business. Certain of our competitors may possess greater financial resources, newer or better technology and materials, larger purchasing economies of scale and/or lower cost bases, integrated manufacturing capabilities, stronger name recognition and/or entrenched relationships with suppliers, any of which may give them a competitive advantage over us and could result in a loss of our market share.

***Our sales depend on the age, condition, number and mileage of light vehicles and trucks used in France, Benelux, Italy and Spain and the length of service intervals.***

The demand for the products that we distribute is affected by the age, condition, number and mileage of light vehicles and trucks used in France and other markets in which we operate, and the length of service intervals in those markets. We consider our core market to be light vehicles and trucks aged over four years. As light vehicles and trucks get older, expenses for light vehicle and truck spare parts generally increase. A decline in the age of light vehicles and trucks could lead to decreased demand for the products that we distribute and our services.

A decline in the use of light vehicles could result in a related decrease in demand for light vehicle spare parts. Factors such as higher gasoline prices or gasoline taxes, a significant deterioration in economic conditions, environmental concerns or limitations on tax breaks for commuting costs and the introduction of a road charge for light vehicles and trucks and potential speed limits and certain vehicle bans in cities could reduce light vehicle and truck spending. Similarly, changes in traveling or commuting behavior (for example, through the increased use of public transport or light vehicle sharing) or continuing urbanization could decrease the average mileage of light vehicles and demand for the products that we distribute and our services. Such a decline in demand could have an adverse effect on our business, results of operations and financial condition.

The condition of vehicles could also impact demand for our products and services, with lower-quality vehicles requiring more frequent and more costly maintenance and repairs, while more expensive vehicles may require more expensive replacement parts. The size of the car parc or truck fleet is also a demand driver. The number of vehicles in use is a function of new vehicle sales and vehicle scrappage rates and a steady or growing total vehicle population supports continued demand for maintenance and repair. Finally, average annual mileage of vehicles in the car parc or truck fleet impacts demand for our products and services because higher mileage, like vehicle age, increases the need for maintenance and replacement.

A decrease in the average age of the car parc or truck fleet, driven by increased purchases of new light vehicles and trucks, could lead to decreased demand in the short-term for our products and services, although such purchases would also increase the size of the car parc or truck fleet, potentially stimulating demand for our products and services on the mid- to long-term. For example, the French government is currently developing incentives for drivers that are intended to phase out older, polluting vehicles. The outcomes of these efforts are not yet known but could lead in the short-term to decreases in the size of the older car parc if drivers choose to scrap older vehicles and replace them with new vehicles. Likewise, a decline in the number of, or mileage on, light vehicles and trucks and in our addressable spare parts aftermarket could lead to decreased demand for the products that we distribute and our services.

We believe that light vehicle and truck repairs are currently being made at a later date and to a lesser extent. The technological and qualitative improvements of many light vehicle and truck components can lead to a decrease in demand for light vehicle and truck spare parts, which could have an adverse effect on our business, results of operations and financial condition.

***We may fail to successfully anticipate demand or manage our inventory and services commensurate with such demand.***

One of the key parameters of our business is operational efficiency in general and inventory management in particular. If orders and inventory do not efficiently match demand at any particular time and location, either in terms of the quantity or nature of products, we could have higher or lower than anticipated inventory levels, which could have a material adverse impact on our business and our results. For example, if products remain unsold, we may need to reduce selling prices, resulting in lower margins, or may need to incur higher charges to store inventory or transport it to other markets within our network where there may be greater demand. We may also be required to incur further inventory depreciation. Conversely, if we fail to stock sufficient quantities of high- selling products or cannot provide in-demand services, we could lose sales and our reputation with customers could be damaged. Furthermore, we may not be able to appropriately respond to the preferences of customers in markets outside France, our original market, where customers could have different needs than French customers. If we are unable to appropriately align our inventory and services with consumer demand, our business, results of operations and financial condition could be materially adversely affected.

***Disruptions in our IT systems could adversely affect our business, results of operations and financial condition.***

We depend on the timely implementation and uninterrupted performance of our hardware, network, websites, ordering platforms, call centers and other IT systems, including those which may be provided by third parties or which may be hosted online or in the "cloud" for the smooth functioning of our operations, and in particular with respect to Oscaro. The various software we use and develop in collaboration with third-party software companies facilitates our ability to efficiently manage supply flows, operational data and other management and financial information, and to provide management with current inventory levels at our warehouses. In particular, our customized IT systems allow us to identify, in real time, the availability of any particular product that is ordered within our distribution network. We depend on the continuous availability and reliability of our IT platform, which, in turn, depends on the functioning of our IT hardware and is, therefore, subject to operational risks such as the occurrence of equipment failures, power interruptions and unlawful conduct by third parties. The performance of our IT systems also depends, among other things, on our ability to effectively safeguard our IT systems and related equipment against damage from interruptions to telecommunication services, data breaches (including breaches that result in the theft or compromise of customer data), hacking and phishing attempts and the introduction of malware and computer viruses. The occurrence of any such events, and any consequent slowdown or interruption to telecommunication services, may impair our ability to manage supply flows, operational data and other management and financial information and to provide management with current inventory levels at our warehouse, which could, in turn, have a material adverse effect on our business, results of operations and financial condition.

For example, we have upgraded, and continue to invest in, the warehouse IT management system of our light vehicle logistics platform, Logisteo, in order to manage our inventory more efficiently. The upgrade of our existing IT systems or the implementation of new IT systems may cause organizational disruptions within our business. In addition, there can be no assurance that our new warehouse IT management system, or any future IT systems, will deliver the projected efficiencies.

One of our strategies is to increase sales of products that we distribute through our websites. The implementation of this strategy will require additional IT resources and may result in a disruption to our existing computer and telecommunications systems, whether in connection with the implementation of expanded capabilities or otherwise, which could, in turn, adversely affect our online sales and/or our business reputation. We cannot assure you that we will be able to maintain and upgrade our IT systems in a manner that will avoid interruptions or disruptions of such systems. Any failure or inability to maintain and upgrade our IT systems may have a material adverse effect on our business, results of operations and financial condition.

***We rely on software and information systems licensed from third parties and any failure or interruption in products or services provided by these third parties and inability to replace them adequately could harm our ability to operate our business.***

Our information technology systems, including key business automation systems and applications used in reporting and analysis for business planning have been licensed from third parties. We rely on the applicable licensor to provide maintenance, technical support and periodic upgrades so that the relevant system or application can continue to support our business. If we or these developers fail to maintain and upgrade these information systems and software programs, the efficiency of our operations could be disrupted or reduced partially if we are unable to convert to alternate systems in an efficient and timely manner, which could in turn have a material adverse effect on our business, results of operations and financial condition.

***Continued technological advancements in light vehicle and truck parts could affect our sales.***

The demand for the products that we distribute is affected by technological and qualitative improvements in new light vehicles and trucks, and the light vehicle and truck market is characterized by frequent technical advances, automation and increases in the complexity of existing components. Certain light vehicle and truck spare parts may feature complex or innovative technology that can only be maintained by persons with special training or at specialized garages. Our success depends in large part on our ability to access, follow, interpret and react to changing technological and qualitative specifications in an appropriate and timely manner. Our products and services must be adapted to the technological needs of a broad range of customers, which may not be foreseeable with certainty and are subject to change.

In order to efficiently develop our products and services, we need to access new and detailed information on new light vehicles and trucks provided by light vehicle and truck manufacturers. If such manufacturers were to refuse to provide appropriate and timely access to such information, or if a new regulation were to limit access to such information, we would be unable to efficiently develop our products and services, which would have a material adverse effect on our results of operations and financial condition.

New light vehicle technology may also require continuous training and regular updating in relation to a particular light vehicle or truck model. For example, repairs of sensors as well as repairs of air conditioning systems require special skills, training and equipment. The independent garages that are the primary end-users of the parts we distribute may not continue to obtain the information and training necessary to maintain the complex technology featured in our end-customers' vehicles, and the expertise to install and repair these parts may only be available at car dealers. Moreover, the expenses required for specialized staff training as well as the sophisticated equipment required to test and repair these evolving components could result in higher costs or higher capital expenditure for us or for our end-customers. In certain cases, it may no longer be economically feasible for independent garages to offer repair services for particular light vehicle and truck models or spare parts. Furthermore, sophisticated manufacturing technology for light vehicle and truck spare parts improves their quality and reduces the number of replacements and repairs they require. If light vehicle and truck spare parts are replaced less frequently, our revenue could decrease.

The IAM in which we operate differs from the OEM, in which operators are linked to the light vehicle manufacturers who directly supply them with the necessary technical information on vehicle components and repair procedures. Due to ongoing technological developments in the manufacturing of light vehicles and trucks, independent garages need to develop appropriate technical expertise in newly developed components. The failure of independent garages to develop the appropriate technical expertise, or access to the tools, instruments and parts that such technological developments demand, may result in an increase in demand for maintenance and repair services provided by car dealers with the necessary technical expertise (which garages represent a small portion of our revenues), which could, in turn, have a material adverse effect on our business, results of operations and financial condition.

***Our business depends in part on a strong brand image and if we are not able to maintain and enhance our brand or market our product offerings we may be unable to attract a sufficient number of customers or sell sufficient quantities of the products that we distribute.***

We believe that the brand image we have developed has contributed significantly to the success of our business to date. We also believe that maintaining and enhancing our brands are integral to the success of our business and to the implementation of our growth strategy. This will require us to make further investments in areas such as marketing and advertising, as well as our website operations. For example, we have developed websites for each of our distributors and garages and we invest in large customer events, such as an event to develop our brand that we organized in September 2018. Maintaining, promoting and positioning our brand will depend largely on the success of our marketing and merchandising efforts, and our ability to provide good customer experiences. Our brands could be adversely affected if we fail to achieve these objectives or if our public image or reputation were to be tarnished by negative publicity. Our brand image may also be diminished if we fail to maintain high standards for, among other things, the timely and efficient delivery of quality products, if we fail to maintain high social and environmental standards for all of our operations and activities, if we fail to comply with local laws and regulations or if we experience other negative events that affect our image or reputation. Any failure to maintain a strong brand image could have an adverse effect on our business, results of operations and financial condition. In addition, as of December 31, 2019, we distributed products to approximately 3,673 branded garages and 84 distributors, including 31 wholly-owned distributors and 53 Affiliated Distributors. We have entered into a master affiliation agreement with all of our affiliated independent distributors, which is renewed every seven years, and we enter into agreements with each of our light vehicle branded garages, which are renewed annually. These branded garages and affiliated independent distributors, which we do not control, may take actions or make decisions that adversely affect our brand and reputation.

Our principal brand names and trademarks, such as Autodistribution, Doyen, Garage Expert AD, Mondial Pare-Brise, Auto Primo, Autossimo, Truckissimo, AD Poids Lourds and ISOTECH, the “AD” logo, and since the Doyen Auto Acquisition, 1,2,3 AutoService, Requal and API, and since the acquisitions of G-Group and Oscaro, the Xenergy and Oscaro brands, respectively, are key assets of our business. See “*Business—Information technology—Intellectual property*.” We are not aware of any material violations or infringements of our intellectual property rights as of the date of this Offering Memorandum. However, there is no assurance that third parties will not infringe our intellectual property rights in the future in ways that will have negative repercussions on our reputation, business and results of operations or that measures taken by us will be effective in protecting our intellectual property rights. In the event that third parties unlawfully infringe on our intellectual property rights, we may face considerable difficulties and costly litigation in order to fully protect our intellectual property rights, which may in turn materially adversely affect our business, reputation, results of operations and prospects.

Third parties have in the past and may in the future assert intellectual property claims against us, particularly as we expand our business to include new products and product categories and moves into other geographic markets. Our defense of any claim, regardless of its merit, could be expensive and time consuming, and could divert management attention. Successful infringement claims against us could result in significant monetary liability and prevent us from distributing certain products or employing certain brand names and trademarks. In addition, the resolution of claims may require us to abandon or redesign our products or branding materials, acquire license rights from third parties or cease using those rights altogether, which could have a material adverse impact on our business, results of operations or financial condition.

We rely on a combination of copyright, trademark and patent laws to establish and protect our intellectual property rights, but we cannot assure you that the actions we have taken or will take in the future will be adequate to prevent any violation or challenges to our intellectual property rights. There can be no assurance that litigation will not be necessary in order to enforce our trademark or other intellectual property rights or to defend ourselves against third-party claims of infringement of their rights. Adverse publicity, legal action or other factors could lead to substantial erosion in the value of our brands and trademarks, which could, in turn, lead to decreased customer demand and have a material adverse effect on our business, results of operations and financial condition.

***Our marketing and communications strategy may prove ineffective.***

Our advertising and marketing expenditures for the year ended December 31, 2019, were €15.8 million, and consisted primarily of online marketing and promotional campaigns for certain of our products. We will continue to invest in such marketing initiatives, particularly through our websites. Our branded garages and Mondial Pare-Brise, Doyen Auto and Oscaro also engage in their own marketing campaigns. The results of these investments may be unsuccessful or fail to provide sufficient return on investment. Our failure to implement our marketing initiatives, or their failure to increase revenue, could have a material adverse effect on our liquidity, results of operations and financial position and on the implementation of our growth strategy.

***If our suppliers fail to use ethical business practices or comply with applicable laws and regulations, our brands and reputation may be damaged.***

While our operating guidelines promote ethical business practices such as environmental responsibility, fair wage practices and compliance with child labor laws, among others, through commitments in suppliers' contracts to apply our ethical charter, we do not control our third-party suppliers or their business practices and our contractual remedies with respect to supplier practices are limited. Accordingly, we cannot guarantee that suppliers will comply with our guidelines. As a result, from time to time our suppliers or manufacturers may not be in compliance with local labor law or recognized ethical or environmental standards, among other things. A lack of compliance could lead us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions to our operations. Violation of anti-money laundering, bribery, environmental or labor or other laws by our third-party suppliers or the divergence of a third-party supplier's labor or other practices from those generally accepted as ethical in the European Union could also lead to liability and attract negative publicity on our business and harm the integrity of our brands. Any incident calling into question the integrity of our suppliers and their business practices could have a material adverse effect on our business, results of operations and financial condition.

***We may incur liabilities that are not covered by insurance and our insurance premiums may increase substantially.***

We carry various types of insurance that cover the risks associated with the ordinary operation of our business, including general liability, directors' and officers' liability, fleet, IT, property and workers' compensation insurance. Given the diversity of locations and settings in which we distribute our products and provide services and the range of activities our employees and us engage in, we may not always be able to accurately foresee all activities and situations in order to ensure full coverage by the terms of our insurance policies and as a result, we may not be covered by insurance in specific instances. While we seek to maintain appropriate levels of insurance, not all claims are insurable and we may experience major incidents of a nature not covered, in whole or in part, by insurance. Furthermore, the occurrence of several events resulting in substantial claims for damages in a calendar year may lead to increases in our insurance premiums and our insurance costs may increase over time in response to any negative development in our claims history or material price increases in the insurance market in general. We may not be able to maintain our current insurance coverage or do so at a reasonable cost, which could have a material adverse effect on our business, results of operations and financial condition.

***Our lease obligations may limit our operating flexibility.***

We lease most of our locations from third-party landlords. In order to optimize our real estate portfolio and respond to changes in demographics or other conditions at specific locations, we may seek to exit certain leases at regular intervals and obtain new leases in new locations that provide similar flexibility. Our ability to negotiate lease terminations or modifications on acceptable terms or at all may be limited. For example, in France, commercial leases generally provide for a minimum nine-year term, with breakpoints at the end of each three-year period, and include strict termination and renewal provisions, including the possibility of a rent increase if the lease is renewed after the initial nine-year term. If we are unable to terminate the leases of locations that are no longer consistent with our strategy, we may incur expenses in relation to the termination of such leases. In addition, third-party landlords may also seek to terminate certain of our leases, which may require us to relocate some of our operations. If we cannot terminate leases for unprofitable or vacant locations, or if the termination or modification of leases results in significant costs, our business, results of operations and financial condition may be materially adversely affected.

***We risk the theft or the misappropriation of funds and products in our warehouses and other facilities.***

In the ordinary course of our business, we are exposed to the risk of theft of products in our warehouses and other facilities. In the year ended December 31, 2019, we did not incur any losses due to the theft of products in our facilities. Products may also be misappropriated during transportation. We carry no insurance for the theft of our products. Occasionally, our locations may be the targets of successful or unsuccessful robbery attempts by third parties. We may also from time to time experience a misappropriation of funds in our facilities or at other levels of our business. Any such theft or misappropriation could have a material adverse effect on our business, results of operations, financial condition and reputation.

***The products that we provide may be exposed to price and margin pressures, and we may be unable to attract new customers and retain existing customers at competitive pricing and margin levels.***

We may be forced to decrease prices for the products that we distribute due to a number of factors, such as challenging macroeconomic conditions or increased competition. In our industry, both light vehicle and truck spare parts manufacturers set retail prices through official recommended prices for the end-customer. Each participant in the value chain, including us, then sets our prices as a percentage of the recommended price on the basis of our targeted gross margin. We may be unable to compensate for a decrease in recommended retail prices by obtaining supplier rebates, attracting new business, reducing our operating costs (for example, through headcount reductions, increases in labor productivity or other gains in cost efficiency) or otherwise, which could have an adverse effect on our business, results of operations and financial condition. Price and margin pressures may therefore lead to a reduction in average prices and margins for our services, which could also have a material adverse effect on our business, results of operations and financial condition.

***A decrease in the number of affiliated independent distributors in our network or a decrease in demand for certain key spare parts may adversely impact our business, results of operations and financial condition.***

Our principal customers are light vehicle and truck spare parts distributors and professional garages. We entered into affiliation agreements with 32 affiliated independent light vehicle spare parts distributors in France as of December 31, 2019. These agreements allow these affiliated independent distributors to use the Autodistribution brand and to benefit from commercial conditions we negotiate with our suppliers and from loyalty bonuses. We renewed our agreements with our affiliated independent distributors on April 13, 2015, for a further seven years. We also entered into agreements with 3,673 branded garages in France as of December 31, 2019. These agreements allow branded garages to use one of our brands, including Garage AD, Garage AD Expert, Auto Primo, 1,2,3 AutoService, Requal and API, and in return the independent garages designate our distributors as their preferred distributors and are eligible for certain rebates. If any of these distributors or garages were to breach their agreements with us by prematurely terminating their relationship with us, the size of our distribution network and our customer base could be reduced and our profitability significantly harmed as a result.

In addition, our customers mostly purchase light vehicle and truck spare parts based on their existing needs, but are not required to purchase a minimum amount of any of the products that we distribute. Therefore, a significant decrease in demand for certain key spare parts for both light vehicles and trucks could have a material adverse effect on our business, results of operations and financial condition. To the extent that we do not maintain our existing level of business with our customers, we will need to attract new customers or win new business with our existing customers and if we are unable to do so, our business, results of operations and financial condition may be adversely affected.

***We are dependent on our network of distributors and our branded garages and our revenue may decrease if our distributors and branded garages do not generate sufficient sales or if our relationships with our branded garages deteriorate.***

Our business is organized around CPUs, which buy aftermarket spare parts and equipment and tools from our suppliers, which are then sold to our local wholly-owned distributors (“wholly-owned distributors”), affiliated independent distributors and online retailers. These distributors then sell these parts, equipment and tools to garages, some of which are affiliated with us and operate under our brands. Our revenue depends on the ability of our distributors and branded garages to generate sales and our overall success is dependent on our ability to maintain our relationships with them and further grow our network. Our revenue is dependent on the sales of such distributors and, in turn, those of the branded garages, and the quality of the relationship we have with them. Any deterioration in these sales or relationships could have a material adverse effect on our business, results of operations and financial condition.

We occasionally terminate or choose not to renew our relationships with certain of our branded garages and, from time to time, certain branded garages may terminate or choose not to renew their relationships with us. Such terminations or non-renewals could have a material adverse effect on our business, results of operations and financial condition in the future. However, there is no guarantee that the historically low rates of such terminations will continue in the future. Furthermore, we may not be successful in replacing or offsetting any such terminated or non-renewed branded garage relationships with new or expanded branded garage relationships in the future, and failure to do so may have a material adverse effect on our business, results of operations and financial condition.

***The departure of members of our management team or other key personnel, or our inability to attract and retain qualified management or other key personnel, could have an adverse effect on our business, results of operations and financial condition.***

Our success is largely dependent upon the continued service and skills of our existing management team. If one or more of our executives or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily and our business may be disrupted, which may materially and adversely affect our business, results of operations and financial condition. Competition for management and key personnel is intense, and the pool of qualified candidates is limited, so we may not be able to attract and retain experienced executive or key personnel in the future, which could hinder our ability to run and develop our business successfully. In addition, if any of our executives or other key personnel joins a competitor or forms a competing company, we may lose customers, know-how and other key personnel, which may have an adverse effect on our business, results of operations and financial condition.

***Our business is subject to various laws and regulations, including in relation to labor and employment, and changes in, or violations of, such laws or regulations may adversely affect our business, results of operations and financial condition.***

Our operations are subject to a variety of laws and regulations, including laws and regulations relating to labor, employment, health and safety. The modification, suspension, repeal or expiration of favorable provisions in labor and employment laws and regulations or, conversely, any increases of mandatory minimum wages pursuant to laws, regulations or collective bargaining agreements, or of social security contributions, may negatively impact our business and profitability.

Any unfavorable changes in labor and employment laws and regulations, or in the terms of collective bargaining agreements applicable to our business, as well as any increases of the statutory minimum wage in any country or industry in which we operate, may increase our payroll costs and negatively affect our operating margins and operational flexibility, and therefore may have a material adverse effect on our business, results of operations and financial condition. In addition, the impact of laws and regulations, particularly labor and employment laws and regulations, may restrict our ability to achieve cost reductions and other efficiency gains.

Labor market reform in general continues to be a key policy measure on the French government's political agenda, and changes in any of the above-mentioned laws or regulations or the coming into force of any new laws or regulations could substantially increase our operating costs or restrict our operational flexibility and therefore have a material adverse effect on our business, results of operations and financial condition.

***French and foreign tax legislation, tax audits or disputes and our results may restrict our ability to use French tax loss carry-forwards.***

We may record deferred tax assets on our balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from our subsidiaries. The actual realization of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and the future results of the relevant entities. In particular, pursuant to Article 209, I, paragraph 3 of the French tax code (*Code général des impôts*) (the "French Tax Code"), the fraction of French tax loss carry-forwards that may be used to offset taxable profits with respect to a given fiscal year is limited to €1.0 million plus 50% of the portion of the taxable profit exceeding €1 million. Similar rules apply to tax losses generated by French tax consolidated groups. As of December 31, 2019, we had recorded tax loss carry-forwards notably in France. The French tax loss carry-forwards have been reflected in our financial statements for the year ended December 31, 2019, resulting in the amount of €101.8 million of deferred tax assets corresponding to the portion of tax loss carry-forwards that we expect to offset against operating profits in the following fiscal years. Any reduction in our ability to use these tax assets due to changes in laws and regulations, potential tax reassessment or lower than expected results could have a negative impact on our business, results of operations and financial condition.

***A failure to meet our labor needs, a deterioration in our relationships with our employees or trade unions or a failure to extend, renew or renegotiate on favorable terms our collective bargaining agreements could have an adverse impact on our business, results of operations and financial condition.***

As of December 31, 2019, we had 7,347 employees. Our ability to meet our labor needs, while controlling labor costs, is subject to many external factors, including competition for and availability of qualified personnel in a given market, unemployment levels within those markets, prevailing wage rates, minimum wage laws, health and other insurance costs, union membership levels and activity among our employees and changes in employment and labor laws or other workplace regulations. Likewise, maintaining good relationships with our employees, unions and other employee representatives is crucial to our operations. As a result, a failure to meet our labor needs or any deterioration of the relationships with our employees, unions and other employee representatives could have an adverse effect on our business, results of operations and financial condition. See "*Business—Employees*."

Some of our employees are covered by national collective bargaining agreements. These agreements typically complement applicable statutory provisions in respect of, among other things, the general working conditions of our employees such as maximum working hours, holidays, termination, retirement, welfare and incentives. National collective bargaining agreements and company-specific agreements also contain provisions that could affect our ability to restructure our operations and facilities or terminate employees. We may not be able to extend existing company-specific agreements, renew them on their current terms or, upon the expiration of such agreements, negotiate such agreements in a favorable and timely manner or without work stoppages, strikes or similar industrial actions. We may also become subject to additional company-specific agreements or amendments to the existing national collective bargaining agreements. Such additional company-specific agreements or amendments may increase our operating costs and have an adverse effect on our business, results of operations and financial condition.

While in the last three years we have not experienced any material disruption to our business as a result of strikes, work stoppages or other labor disputes, such events could disrupt our operations, result in a loss of reputation, increased wages and benefits, or otherwise have a material adverse effect on our business, results of operations and financial condition.

Additionally, national collective bargaining agreements and company-specific agreements often contain provisions that could limit our ability to restructure our operations and facilities or terminate employees, which could limit our ability to execute our strategy and could have a material adverse effect on our business, results of operations and financial condition.

***Increased employment costs may have a material adverse effect on our business, results of operations and financial condition.***

Our labor costs may rise faster than expected in the future as a result of a larger workforce, salary increases and headcount increases. We may be unable to offset the increase in labor costs through increased selling prices or productivity gains. In recent years, we have benefited from government programs in certain European countries designed to favor employment, including recent labor reforms that effectively reduce the costs associated with hiring new employees. There can be no assurance that such programs will continue or that we will continue to benefit from such programs and that labor costs will not increase as a result. More recently, during the COVID-19 pandemic, we benefited from government furlough schemes in certain European countries such as France, where the French temporary unemployment scheme (*chômage partiel*) allowed us to decrease our labor costs during the lockdown period. There can be no assurance that a similar scheme will apply in the event of another lockdown in France. If labor costs increase further, our operating costs will also increase, which could, if we are unable to recover these cost increases from our customers through increased selling prices or offset such cost increases through labor productivity gains or other measures, have a material adverse effect on our business, results of operations and financial condition.

***Employment, environmental, health and safety regulations relating to our operations could subject us to increasing costs or fines.***

Our operations and properties are subject to a wide variety of European directives and regulations, national, state and local laws, rules, taxes and regulations relating to the protection of employees, the environment, workers' health and safety, and the use, management, storage and disposal of hazardous substances, wastes and other regulated materials. These include, in particular, requirements governing employee hours, the disposal of used oil, batteries, tires and other materials processed in our recycling business. These laws, rules and regulations may affect the way in which we conduct our operations, and the failure to comply with these regulations could lead to fines and other penalties as well as negative publicity which could damage our brands and reputation. In addition, various environmental laws also may make us liable for the costs of cleaning up and responding to hazardous substances that may have been released on our properties, including releases unknown that are unknown to us. These environmental laws and regulations also could require us to pay for environmental remediation and response costs at third-party locations where we have disposed of or recycled hazardous substances. With environmental regulations becoming increasingly stringent, the cost of complying with the various environmental requirements, as they now exist or may be altered in the future, could materially adversely affect our business, results of operations and financial condition.

***Our working capital requirements and cash flows are subject to fluctuation, which could have an adverse effect on our financial condition.***

Our working capital requirements and cash flows have historically been, and are expected to continue to be, subject to seasonal and yearly fluctuations, depending on a number of factors. Factors that could result in cash flow fluctuations include the level of sales and the related margins of those sales, the collection of receivables, the timing and size of purchases of inventories and related components, the timing of payments for such purchases, and the terms and timing of payments for payables and accrued liabilities, as well as prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to manage fluctuations in working capital requirements and cash flow, our business, results of operations and financial condition may be materially adversely affected and we may be unable to make required interest payments on our indebtedness.

If our working capital requirements exceed our other cash flows from operations, we would look to our cash balances and availability for borrowings under our financing arrangements to satisfy those needs, as well as potential sources of additional capital, which may not be available on satisfactory terms or in adequate amounts. We cannot assure you that we will be able to generate cash flow or that we will be able to borrow funds, including under our Revolving Credit Facility, in amounts sufficient to enable us to meet our working capital requirements. If we are not able to generate sufficient cash flow from operations or borrow sufficient funds to meet our working capital requirements, we may be required to sell assets or equity, reduce expenditures, refinance all or a portion of our existing indebtedness, or obtain additional financing. We cannot assure you that we will be able to sell assets or equity or obtain additional financing on terms acceptable to us, if at all.

***We may incur material losses and costs as a result of product liability and warranty or recall claims that may be brought against us.***

We may be exposed to product liability and warranty claims in the event that the products that we sell, particularly the truck spare parts we sell, actually or allegedly fail to perform as expected, or the use of our product results, or is alleged to result, in bodily injury and/or property damage. Accordingly, we could experience material warranty or product liability losses in the future and incur significant costs to defend these claims. In addition, if any of the products that we distribute are, or are alleged to be, defective, we may be required to participate in a recall of that product if the defect or the alleged defect relates to safety. We may not be able to pass these liabilities through to the product manufacturer, whether due to unfavorable supplier warranties or supplier credit issues. Product liability, warranty and recall costs may have a material adverse effect on our business, results of operations and financial condition.

Our brand, reputation and relationships with our customers could also be damaged by the distribution of defective products, especially in the event of serious defects, such as incorporating harmful substances that cause physical harm or other health problems. Such serious defects could also lead to a significant decline in revenue. There is also a risk that compliance lapses by our international suppliers could occur, which could lead to investigation by agencies responsible for international trade compliance. Resulting penalties or enforcement actions could delay future imports or otherwise negatively impact our business. In all such cases, especially if there is a prolonged impact on product quality or availability, our business, results of operations, financial condition and reputation may be materially adversely affected.

***We rely on certain certifications for the operation of our Trucks segment and the loss of such certifications could harm our business.***

In the ordinary course of our truck spare parts distribution and repair business, we install, checks and calibrates digital and analog tracking devices that record and report the speed and distance (also known as tachography) driven by trucks. We rely on certifications granted by the French government in order to perform these services. The regulations governing such certifications are subject to change and we cannot guarantee that we will be permitted to install, check and calibrate such tracking devices in the future. Additionally, our truck repair network is certified by the "Qualicert" program, which offers third-party verification of service quality by SGS, a private certification provider. If we fail to qualify for or maintain any of these certifications, or if the requirements for such certifications become more stringent, our business, results of operations, financial condition and reputation may be materially adversely affected.

***We could face exposure to product liability claims for products that we import from countries outside the European Union and sell under our own trademark.***

As a distributor of spare parts, we may be held liable for defective products if we brand products with our trademark, such as ISOTECH, and present ourselves as the producer of such products or we distribute products imported from countries outside the European Union. Some of the products that we distribute are branded with our ISOTECH trademark. In addition, we sell products imported from countries outside the European Union. By selling products under our trademark or imported from countries outside the European Union, we may be held liable for any unforeseen defects in products requiring repair under warranty or recall, which, notwithstanding possible recourse against the relevant manufacturer and supplier, could have a material adverse effect on our business, results of operations and financial condition. Likewise, if our affiliated independent distributors or branded garages improperly install products, we may be exposed to liability and reputational harm. Additionally, we can offer no assurance that suppliers will replace defective products in a timely manner or provide us with sufficient refunds or indemnifications. We could experience material warranty or product liability losses in the future and incur significant costs to defend any such claims.

***We are subject to risks from legal and arbitration proceedings, which could adversely affect our business, results of operations and financial condition.***

From time to time we are involved in labor, tax and commercial legal proceedings, relating to the conduct of our business including, but not limited to, claims from our employees, claims of intellectual property infringement and claims asserting unfair competition and unfair business practices by third parties, the outcomes of which are difficult to predict. In addition, from time to time, we are subject to product liability and personal injury claims relating to the products we sell and the properties we operate. In particular, French law provides for specific protection for consumers in the area of liability for defective products. We are and have been subject to various tax audits and may be subject to tax audits from time to time in the future. In addition, we could face a wide variety of employee claims against us, including general discrimination, privacy, labor and employment and disability claims. Any such claims could result in litigation against us and could also result in regulatory proceedings being brought against us by various governmental agencies.

We could become involved in legal disputes in the future which may involve substantial claims for damages or other payments. Although individually these proceedings do not typically involve substantial amounts, in the aggregate such proceedings or any increase in the number of such proceedings may have a material adverse effect on our business, results of operations and financial condition. As of December 31, 2019, our provision for litigation amounted to €2.9 million.

In the event of a negative outcome of any material legal proceeding, whether based on a judgment or a settlement agreement, we could be obligated to make substantial payments, which could have a material adverse effect on our business, results of operations and financial condition. In addition, the costs related to litigation proceedings may be significant. Even where we successfully defend ourselves against a claim, we might still have to bear part or all of our advisory and other costs to the extent they are not reimbursable by other litigants, insurance or otherwise. Even if there is a positive outcome of such proceedings, any negative publicity surrounding claims against us or our management, products or services could materially adversely affect our brands and reputation. All of the foregoing could materially adversely affect our business, results of operations, financial condition and reputation.

***Changes in tax laws or challenges to our tax position could adversely affect our business, results of operations and financial condition.***

We are subject to complex and evolving tax legislation in the countries in which we operate. Changes in tax laws or regulations or in their interpretations could adversely affect our tax position, such as our effective tax rate or tax payments.

In particular, European and French tax laws and regulations are extremely complex and are subject to varying interpretations. For example, the current implementation into French tax law of the Organization for Economic Cooperation and Development's (the "*OECD*") principles related to base erosions and profit shifting ("*BEPS*") included in the final reports released by the OECD as well as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS signed in Paris on June 7, 2017, may increase the administrative efforts within our business and impact existing structures.

Furthermore, the European Union continues to harmonize the tax legislation of the Member States. In this respect, the Council of the European Union (the "*Council of the European Union*") adopted a directive "laying down rules against tax avoidance practices that directly affect the functioning of the internal market" on July 12, 2016 (Council Directive 2016/1164) (the "*ATAD*"). The ATAD was later amended on May 29, 2017, by the Council Directive (EU) 2017/952 (the "*ATAD* 2"), which, *inter alia*, extends the scope of the ATAD to hybrid mismatches involving third countries and provides that its provisions shall apply (subject to certain exceptions), as from January 1, 2020. The ATAD provides, in particular, for a general interest limitation rule pursuant to which the tax deduction of net financial expenses is limited to 30% of the taxpayer's earnings before interest, tax, depreciation and amortization (EBITDA) or to a maximum amount of €3 million, whichever is higher (subject to several exceptions). Such rules apply since January 1, 2019, following their transposition into French tax law by Article 34 of the French Finance Law for 2019 (Law 2018-1317 of December 28, 2018) (the "*French Finance Law for 2019*"). The French Finance Law for 2020 (Law 2019-1479 of December 28, 2019) (the "*French Finance Law for 2020*") also introduced under French tax law the provisions of the ATAD 2 and thus repealed the existing French anti-hybrid rules, as set forth in Article 212-I-b of the French Tax Code. See "*Risk factors—Risks related to our business—French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness"* for more details on this rule.

In addition, Article 108 of the French Finance Law for 2019 introduced under French tax law, the anti-abuse provision provided for by the ATAD with respect to French corporate income tax, which aims to address abusive tax practices that are not dealt with by specifically targeted provisions. Pursuant to this provision, the French tax authorities might ignore an arrangement, or a series of arrangements, which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuinely taking into account all relevant facts and circumstances.

The European Commission also published a corporate reform package proposal on October 25, 2016, including three new proposals that aim at (i) relaunching the Common Consolidated Corporate Tax Base ("*CCCTB*") which is a single set of rules to compute companies' taxable profits in the EU, (ii) avoiding loopholes associated with profit-shifting for tax between EU countries and non-EU countries, and (iii) providing new dispute resolution rules to relieve problems with double taxation for businesses. The directive proposal on the CCCTB requires unanimity in the Council of the European Union for its adoption following consultation of the European Parliament (special legislative procedure), which gave its favorable vote on March 15, 2018. It is expected to be implemented in two steps, with the common base being implemented as a first step and consolidation being put in place swiftly afterwards. Furthermore, new rules on tax dispute resolution already apply since January 1, 2019, following the transposition of Council Directive 2017/1852 of October 10, 2017 into French tax law as part of the French Finance Law for 2019. These new regulations could impact our tax position in the future.

We often rely on generally available interpretations of tax laws and regulations in the jurisdictions in which we operate. We cannot be certain that the relevant tax authorities are in agreement with our interpretation of these laws. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our products or services to track and collect such taxes, which could increase our costs of operations and have a negative effect on our business, results of operations and financial condition.

Finally, political responses to the economic consequences of the outbreak of the COVID-19 pandemic may include increases in taxes or implementation of new taxes in various jurisdictions.

***The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.***

The Council of the European Union adopted on December 5, 2017 its conclusions on the EU list of non-cooperative jurisdictions for tax purposes (the "Council Conclusions") which is composed of two sub-lists (respectively, the "Black List" and the "Grey List," together referred to as the "EU List"). The EU List was established following a screening and a dialogue conducted by a code of conduct working group appointed by the Council of the European Union during 2017 with a large number of third country jurisdictions. The Black List, which shall be updated at least once a year, is currently (according to the list as of February 18, 2020) composed of twelve jurisdictions (American Samoa, Cayman Islands, Fiji, Guam, Oman, Palau, Panama, Samoa, Seychelles, Trinidad and Tobago, the United States Virgin Islands and Vanuatu). Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union screening criteria.

Though there is no applicable sanction yet, Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions.

A French law that aims at fighting against tax fraud was published on October 24, 2018 (Law 2018-898 of October 23, 2018) and has expanded under certain conditions the French tax regime regarding non-cooperative states or territories (*États ou territoires non coopératifs*) as defined under Article 238-0 A of the French Tax Code ("*Non-Cooperative States*") to certain states and jurisdictions included in the Black List. As a result, interest paid or accrued to persons domiciled or established in certain states and jurisdictions included in the Black List or paid on an account opened in a financial institution located in such states and jurisdictions may be subject to withholding tax in France and not be deductible for purposes of the computation of the debtor's corporate income tax liability. The anti-abuse measures apply to states and jurisdictions newly added to the list, in principle, as from the first day of the third month following the month during which the addition is made (although the Administrative Guidelines (as defined hereinafter) still continue to refer to January 1 of the following year (BOI-INT-DG-20-50-20140211)), it being mentioned that the French list has recently been updated and includes the states and jurisdictions contained in the former version of the Black List dated November 7, 2019 (*Ministerial Order dated January 6, 2020 amending the ministerial order dated February 12, 2010*). Such list of Non-Cooperative States currently includes, in addition to Panama, which was already included in the former version of this list, the following states and territories: American Samoa, Anguilla, the Bahamas, the British Virgin Islands, Fiji, Guam, Oman, Samoa, Seychelles, Trinidad and Tobago, the United States Virgin Islands and Vanuatu.

***Our business may be materially adversely affected by VAT rate increases in the countries where we operate.***

As of December 31, 2019, our products were subject to VAT in each of the countries where we operate with different applicable rates set by each such country. For example, the VAT rates that are applicable to us are 20% in France, 21% in Belgium, 21% in the Netherlands, 22% in Italy and 21% in Spain. From 2010 to 2012, European governments increased VAT rates in order to bolster public finances, and there can be no assurance that VAT rates will not be further increased in the future. Our published retail prices are inclusive of VAT.

If VAT rates were to increase in the future, our profitability margins will be negatively impacted if we do not increase the prices of our products to match the increase in VAT. However, if we pass the increase in VAT on to our customers by raising the prices of our products, the demand for our products may decline, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, we face VAT risks arising out of our operating activities in the normal course of business and typical acquisition-related VAT risks relating to prior acquisitions and reorganizations.

***Changes to accounting standards may affect our reporting of financial results.***

Our consolidated financial statements are prepared and presented in accordance with IFRS. Any changes in these accounting standards may have a significant impact on our reported results and financial condition. In particular, there are a number of standards, amendments and interpretations which have been issued by the International Accounting Standards Board (the "IASB") and IFRS standards are subject to change. Certain IFRS standards have been recently revised by the IASB. For example, on January 13, 2016, the IASB published IFRS 16 (Leases) and the European Union adopted IFRS 16 on November 9, 2017. IFRS 16 replaced IAS 17 and the related IFRIC and SIC interpretations, and resulted in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is eliminated. Under the new standard, the lessee recognizes an asset (the right to use the leased asset) and a financial liability to pay rental expenses. The only exceptions are short-term and low-value leases. We have applied IFRS 16 since January 1, 2019, its mandatory application date. The implementation of IFRS 16 resulted in an increase in total assets at January 1, 2019 of €170.2 million, in total liabilities of €171.4 million and a positive impact on Adjusted EBITDA of €47.6 million for the year ended December 31, 2019. In addition to this new standard, the IASB may in the future adopt further changes or additions to IFRS, which we may be obligated to adopt and the impact of which would be initially uncertain.

In June 2017, the IFRS Interpretation Committee issued IFRIC 23, which clarifies the accounting treatment of uncertainties in income taxes, specifically in relation to taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 states that an entity should assume that the applicable taxation authority will have full knowledge of all relevant information when examining amounts reported to it. An entity therefore has to consider whether it is probable that the applicable authority will accept a certain tax treatment in the entity's income tax filing and either adopt an approach consistent with the tax treatment in its income tax filings or use the expected value of the tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. IFRIC 23 is applicable for annual reporting periods beginning on or after January 1, 2019 with early adoption permitted. In adopting IFRIC 23, we applied a modified retrospective approach whereby the cumulative effect of initially applying IFRIC 23, if any, should be recognized in opening equity at the date of initial application. As part of our adoption of IFRIC 23, we have identified an additional €0.8 million of additional deferred tax liabilities as of December 31, 2019.

***We are subject to certain competition and antitrust laws.***

Our business is subject to applicable French competition and antitrust laws, as well as the rules and regulations of the European Union regarding antitrust law.

As far as French law is concerned, our business is subject to various specific provisions set forth in the Title IV of the Book IV of the Commercial code, which relate notably to yearly negotiations and agreements between suppliers and resellers, invoicing and payment terms, as well as to certain practices referred as "restrictive of competition" which may lead to significant fines of up to either €5 million, three times the amount of the advantages unduly collected, or 5% of the undertaking's turnover in France. Breach to these rules may also lead to civil liability actions initiated by our contractors or competitors with a risk of payment in relation to compensation claims.

We may also become subject to legal action or investigations and proceedings by French and supranational competition and antitrust authorities for alleged infringements of antitrust laws in France or at an EU level, which could result in fines (of up to 10% of the Group's consolidated worldwide turnover) or other forms of liability, or otherwise damage our business reputation, which could have a material adverse effect on our business, results of operations and financial condition.

In addition to such sanctions with respect to the public enforcement of antitrust laws, our company may then be subject to proceedings initiated before French Commercial Courts in private enforcement, *i.e.* in compensation for the damages resulting from anticompetitive practices previously sanctioned by antitrust authorities.

Such laws and regulations could limit or prohibit our ability to grow in certain markets.

***The interests of our shareholders may conflict with your interests as a holder of the Notes.***

Bain Capital indirectly owns the majority of the shares of the Issuer. As a result, our shareholders have and will continue to have, directly or indirectly, the power to affect our legal and capital structure as well as the ability to elect and change our management and to approve other changes to our operations and to control the outcome of matters requiring action by our shareholders. Our shareholders' interests in certain circumstances may conflict with your interests as noteholders, particularly if we encounter financial difficulties or are unable to pay our obligations as they mature. For example, the shareholders could vote to cause us to incur additional indebtedness. Our shareholders are in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. Our shareholders may also pursue acquisition opportunities that are complementary to our business and, as a result, those acquisition opportunities may not be available to us. In addition, our shareholders may hold interests in suppliers or customers of ours. Our shareholders and their affiliates could also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the holders of the Notes.

## Risks related to our indebtedness and the Notes

***Each of the Issuer and the Parent Guarantor is a holding company that has no revenue generating operations of its own and will depend on cash from its operating subsidiaries to be able to make payments on the Notes.***

Each of the Issuer and the Parent Guarantor is a holding company with no business operations other than the equity interests it will hold in its subsidiaries, and in the case of the Issuer, certain operations related to the management of our group. We conduct our operations primarily through our subsidiaries, separate and distinct legal entities. Each of the Issuer and the Parent Guarantor will be dependent upon the cash flow from their operating subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including the Issuer's obligations under the Notes and the Parent Guarantor's obligations under its Guarantee. The amount of dividends and distributions available to each of the Issuer and the Parent Guarantor will depend on the profitability and cash flows of its subsidiaries and the ability of those subsidiaries to issue dividends under applicable law or existing contracts, including the restrictions contained in the Existing Senior Secured Notes Indentures and the Indenture. The subsidiaries of the Issuer and the Parent Guarantor, however, may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Issuer or the Parent Guarantor to make payments in respect of their respective obligations, including under the Notes and the guarantee of the Parent Guarantor. In addition, the subsidiaries of the Issuer (other than Autodistribution S.A.S.), that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

***The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.***

The amount enforceable under the Guarantees may be limited, and the validity and enforceability of the Guarantees will be subject to the limitations described in "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*." By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. In particular, the Guarantee of Autodistribution S.A.S. is expected to be limited in value to an amount not greater than the outstanding amount under existing proceeds loans, which is approximately €330 million and corresponds to the aggregate of the existing proceeds loan made available to on-lend the proceeds of the issuance of Existing Senior Secured Floating Rate Notes and Existing Senior Secured Fixed Rate Notes. Other indebtedness of the Guarantors may not be similarly limited.

None of the Issuer's non-Guarantor subsidiaries will have any obligation to pay amounts due under the Notes or to make funds available for that purpose, including subsidiaries that are borrowers under the Revolving Credit Facility but do not guarantee the Notes. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or the Parent Guarantor as a direct or indirect shareholder of such subsidiaries.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Parent Guarantor will have no right to proceed against the assets of such subsidiary; and
- the creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or the Parent Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and the Guarantees will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries. As of March 31, 2020, after giving pro forma effect to the Refinancing, our non-Guarantor subsidiaries would have had total debt of approximately €245 million (excluding bank overdrafts), of which approximately €156 million would have been incurred in connection with lease liabilities, all of which would have ranked structurally senior to the Notes and the Guarantees. Any of the debt that the Issuer's non-Guarantor subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

***Our significant leverage may make it difficult for us to operate our businesses.***

We currently have and, after the issuance of the Notes will continue to have, a significant amount of outstanding debt with substantial debt service requirements. As of March 31, 2020, and as adjusted to give effect to the Refinancing, our pro forma third-party borrowings would have been €1,226.4 million, which reflects external loans and borrowings, including lease liabilities, of which €300.0 million would have been represented by the Notes. The terms of the Indenture will permit the Issuer and its restricted subsidiaries to incur substantial additional indebtedness, including, but not limited to, in respect of committed borrowings of up to €100.0 million under the Revolving Credit Facility. See "*Capitalization*."

Our significant leverage could have important consequences for our business and operations, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Our ability to make payments on and refinance our indebtedness and to fund working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or fund our planned capital expenditures.

***We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.***

We may incur substantial additional debt in the future. Any debt that our non-Guarantor subsidiaries incur will be structurally senior to the Notes if such subsidiaries do not guarantee the Notes, and such debt could be secured or could mature prior to the Notes. Although the Revolving Credit Facility Agreement and the Existing Senior Secured Notes Indentures contain, and the Indenture will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. Borrowings under debt instruments that contain cross-acceleration or cross-default provisions, including the Notes, may as a result also be accelerated and become due and payable. We may be unable to pay these debts in such circumstances. The incurrence of additional debt would increase the leverage-related risks described above. In addition, the Revolving Credit Facility and the Existing Senior Secured Notes Indentures do not, and the Indenture will not, prevent us from incurring obligations or entering other arrangements that do not constitute indebtedness under those agreements, such as receivables securitization financings. For a discussion of our cash flow and liquidity, see "Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources."

***We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.***

Our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debts, including the Notes. If the business disruptions caused by COVID-19 last longer than we expect, we may continue to seek other sources of liquidity, and there can be no guarantee that additional liquidity will be readily available or available on favorable terms and in an amount sufficient to enable us to service and repay our indebtedness, or to fund our other liquidity needs. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity. We can provide no assurance that we would be able to accomplish any of these alternatives in a timely manner or on satisfactory terms, if at all.

Our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In such an event, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including under the Indenture, the Existing Senior Secured Notes Indentures and the Revolving Credit Facility, restrict our ability to transfer or sell assets and to use the proceeds from any such disposition. We may not be able to consummate certain dispositions or to obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet any of our debt service obligations then due.

***We are subject to covenants that limit our operating and financial flexibility and, if we default under our debt covenants, we may not be able to meet our payment obligations.***

Our Revolving Credit Facility and the Existing Senior Secured Notes Indentures contain, and the Indenture will contain, covenants that impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments or acquisitions, including participating in joint ventures;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to the Issuer or any restricted subsidiary;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all our assets or those of our subsidiaries on a consolidated basis;

- change the "centre of main interests" ("COMI") of the Luxembourg Security Providers;
- impair security interests for the benefit of the holders of the Notes; and
- issue or sell share capital of certain subsidiaries.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Senior Secured Notes—Certain covenants*." These covenants could limit our ability to finance future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, in addition to being in default under the Indenture and the Notes, we could be in default under the terms of the Existing Senior Secured Notes Indentures and the Revolving Credit Facility Agreement, and the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral securing that debt. This would also result in an event of default under the Indenture. If the debt under the Existing Senior Secured Notes Indentures and the Revolving Credit Facility Agreement, the Notes or the Guarantees or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other debt.

Our Revolving Credit Facility also requires our subsidiaries to satisfy a specified financial maintenance test in certain circumstances. The ability to meet this test could be affected by a deterioration in our operating results, as well as by events beyond our control, including increases in raw materials prices and unfavorable economic conditions, and we cannot assure you that this test will be met. If an event of default occurs under the Revolving Credit Facility, the lenders thereunder could terminate their commitments and declare all amounts borrowed, together with accrued and unpaid interest and other fees, to be immediately due and payable. Borrowings under other debt instruments, including the Notes, that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand. In these circumstances, our assets may not be sufficient to repay in full that indebtedness and our other indebtedness then outstanding, including the Notes. See "*Description of certain financing arrangements—Revolving Credit Facility Agreement*."

***French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.***

The French Finance Law for 2019 has included specific provisions which have implemented into French tax legislation the provisions of the ATAD regarding in particular interest deductibility limitations in respect of fiscal years opened as from January 1, 2019.

In relation to such implementation, (i) the provisions of (x) Articles 212 *bis* and 223 B *bis* of the French Tax Code (i.e., the former 25% general limitation of deductibility of financial expenses ("*rabot fiscal*")) and (y) Article 209-IX of the French Tax Code (the "*Amendement Carrez*" limitation) have been repealed and (ii) the provisions of Article 212-II of the French Tax Code (i.e., existing thin-capitalization rules) have been amended, as developed in more detail below.

The other rules limiting interest deductibility generally remained unchanged, in particular the rules relating to the maximum deductible tax rate for interest paid to direct minority shareholders or to related parties (Articles 39.1.3° and 212-I-(a) of the French Tax Code).

Under Article 39.1.3° of the French Tax Code, the deduction of interest paid by a French company to lenders who are direct shareholders of such company but are not related parties to such company within the meaning of Article 39.12 of the French Tax Code, is subject to the conditions that (i) the share capital of the borrowing company is fully paid-in and (ii) the interest rate on the corresponding loans does not exceed a rate equal to the annual average rate of floating rate loans granted by financial establishments for a minimum term of two years (1.32% with respect to fiscal years closed on December 31, 2019). Non-deductible interest pursuant to such limitation will be treated as deemed dividend under French tax law and may in particular be subject to withholding tax, subject to applicable tax treaties. By exception, Article 212, I-(a) of the French Tax Code provides that, in respect of a given tax year, interest incurred on loans granted by a related party within the meaning of Article 39.12 of the French Tax Code is deductible up to the rate referred to in Article 39.1.3° of the French Tax Code or, if higher, up to the rate that the borrowing entity could have obtained from independent financial credit institutions in similar circumstances.

Pursuant to Article 212 *bis* of the French Tax Code, the deductibility of net financial expenses incurred by an entity in respect of a given fiscal year is limited to the higher of (i) €3 million and (ii) 30% of its adjusted EBITDA in the same fiscal year (corresponding to its taxable income before offset of carry forward tax losses and without taking into consideration net financial expenses and, to some extent, depreciation, provisions and capital gains/losses) generated by such entity (the "*30% Limitation*"). Such limitation applies to both related-party and third-party financings regardless of the purpose of these financings, subject to certain limited exceptions.

Furthermore, for entities being part of a group that files eligible consolidated financial statements, a safeguard clause has been implemented in order to partially exempt companies that are able to demonstrate that the ratio of their equity over their total assets is equal to or higher than the same ratio computed at the level of the accounting consolidated group to which they belong. In this specific case, net financial expenses exceeding the 30% Limitation are deductible up to 75% of their amount.

French thin-capitalization rules apply in respect of loans granted by related parties. Where the amount of the related party debt of a company exceeds a ratio equal to 1.5x the company's equity, the deduction of net financial expenses borne by such entity is deductible for a portion of their amount up to the higher of (i) 30% of its adjusted EBITDA or (ii) €3 million, multiplied by a ratio equal to (A) the average amount of sums borrowed from or made available by non-related parties within the meaning of Article 39.12 of the French Tax Code increased by 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said year. The balance of net financial expenses is deductible for a portion of their amount up to the higher of (i) 10% of its adjusted EBITDA or (ii) €1 million multiplied by a ratio equal to (A) the average amount of sums borrowed from or made available by related parties within the meaning of Article 39.12 of the French Tax Code exceeding 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said fiscal year. Nevertheless, the interest deductibility limitation provided for by these amended thin-capitalization rules does not apply if the borrowing company demonstrates that the overall debt-to-equity ratio of the group (as determined under accounting consolidation rules) to which it belongs is higher than its own debt-to-equity ratio.

Financial expenses that are disallowed pursuant to the 30% Limitation can be carried forward indefinitely and deducted in the future under the same conditions. On the other hand, the portion of financial expenses which tax deduction is disallowed as a result of the application of the €1 million threshold or 10% limitation is only eligible for carryforward for one-third of its amount. The unused interest deduction capacity of a current fiscal year might also be used over the five following fiscal years, but only against financial expenses incurred in respect of those fiscal years, it being noted that this measure is not available to thinly capitalized entities.

Specific rules apply to companies that belong to French tax consolidated groups, i.e., mainly (i) the 30% Limitation is computed on the basis of the consolidated adjusted EBITDA generated by such companies and (ii) the 1.5 debt-to-equity ratio is analyzed (x) on a consolidated basis pursuant to French accounting rules applying for purposes of establishing consolidated financial statements and (y) in respect of loans granted by related parties within the meaning of Article 39.12 of the French tax Code which do not belong to the same tax consolidated group.

These thin-capitalization rules could apply at the level of the Issuer's tax consolidated group (in respect of any loans contracted by the Issuer from any related party) and at level of the Issuer's French subsidiaries that do not belong to the same French tax consolidated group as the Issuer with respect to any amount of the proceeds of the Notes used by the Issuer to grant intragroup loans to such subsidiaries as well as, more generally, in respect of any loans contracted by the Issuer's French subsidiaries from any related party.

Finally, the French Finance Law for 2020 includes specific provisions which implement into French tax legislation the provisions of the ATAD 2 in relation to hybrid mismatches with third countries, which are applicable as from January 1, 2020, except for certain of its provisions which would be applicable as from January 1, 2022.

In relation to such implementation, the provisions of Article 212-1-(b) of the French tax Code (i.e., the former French anti-hybrid provisions) have been repealed.

Articles 205 B *et seq.* of the French tax Code implementing ATAD 2 provide limitations on interest deductions in the event of (i) a deduction of a payment at the level of a paying entity without a corresponding inclusion of such payment in the taxable income of the receiving entity (referred to as a "*deduction without inclusion*") or (ii) a deduction of the same payment, operational expenses or losses in the taxable income of both the paying and receiving entity (referred to as a "*double deduction*"). Such limitations only apply to payments taking place between "associated enterprises," except for the so-called "structured arrangements" (i.e., an arrangement pricing the relevant mismatch or an arrangement designed to produce the mismatch, subject to certain conditions). If the hybrid mismatch results in a deduction without inclusion, the deduction from taxable income will generally be denied to the French paying entity. Alternatively, the payment to a French receiving entity will be included in its taxable income if the deduction is not denied in the jurisdiction of the paying entity. If the hybrid mismatch results in a double deduction, the deduction will either be denied at the level of the receiving entity or at the level of the paying entity. The new provisions also cover reverse hybrid entities, referring to situations where an entity is deemed to be tax transparent in its country of establishment but the jurisdiction of its "associated enterprises" holding directly or indirectly an aggregate of more than 50% of the voting rights, capital interests or rights to share profit, qualify the entity as non-transparent. In this situation, the entity would be treated as taxable in its jurisdiction of establishment (either at the level of the entity or at the level of its shareholders or partners).

The above-mentioned tax rules may limit the Parent Guarantor and its subsidiaries' ability to deduct interest accrued on the group's indebtedness incurred in France and, as a consequence, may increase our tax burden, which could adversely affect our business, financial condition and results of operations, and reduce the cash flow available to service our indebtedness.

***The liquidity of the market for the Notes may be diminished if the proposed financial transactions tax or any similar tax were adopted.***

On February 14, 2013, the European Commission adopted a proposal for a directive on a common financial transaction tax (the "*FTT*") to be implemented under the enhanced cooperation procedure by several Member States (Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia, Spain (the "*Participating Member States*") and Estonia. However, Estonia has since stated that it will not participate.

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The mechanism by which the tax would apply and be collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Under the 2013 proposals, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State, or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw. If the proposed directive or any similar taxes are adopted, such taxes could increase the transaction costs associated with the purchases and sales of the Notes and could reduce liquidity in the market for the Notes.

Prospective holders of Notes are advised to seek their own professional advice in relation to the consequences of the FTT.

***We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.***

Upon the occurrence of certain events constituting a "change of control," the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in our Revolving Credit Facility Agreement, the Intercreditor Agreement or our other existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or the acceleration of, our Revolving Credit Facility Agreement, the Existing Senior Secured Notes Indentures and other indebtedness. Furthermore, the repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its respective subsidiaries to allow it to pay cash to the holders of the Notes, following the occurrence of a change of control, may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon the occurrence of a change of control. We cannot assure you that we would be able to obtain such financing.

Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility Agreement and certain other indebtedness. See "*Description of the Senior Secured Notes—Change of control*." The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger, recapitalization or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" (as defined in the Indenture).

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control, provided that upon consummation thereof, a certain consolidated net leverage ratio is not exceeded in connection with such an event.

The definition of "Change of Control" in the Indenture includes a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise, established definition of that phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

***Corporate benefit, financial assistance laws and other limitations on the Guarantors or the Luxembourg Security Providers may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral.***

The Guarantors guarantee and provide security in respect of, and the Luxembourg Security Providers provide security in respect of, the payment of the Notes on a senior basis. The Guarantors and the Luxembourg Security Providers are incorporated under the laws of France and Luxembourg, respectively. Enforcement of the obligations under a Guarantee against the Guarantors or the enforcement of a security interest in the Collateral will be subject to certain defenses available to the Guarantors or a Luxembourg Security Provider in the relevant jurisdiction, as the case may be. Although laws differ in these jurisdictions, these laws and defenses may include those that relate to fraudulent conveyance or transfer, financial assistance, corporate purpose or benefit, voidable preference, insolvency or bankruptcy challenges, preservation of share capital, thin capitalization, capital maintenance or similar laws and regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, the Guarantors may have no liability or decreased liability under its Guarantee or the security interest in the Collateral may be void or may not be enforceable depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of the Guarantees against the Guarantors or security interest in the Collateral against any Guarantor or any Luxembourg Security Provider. See "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

***The Notes, the Guarantees and the security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws.***

French law contains specific provisions dealing with fraudulent conveyance both in and outside bankruptcy (the "action paulienne"). The action paulienne offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which the person guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside bankruptcy of the relevant person by the bankruptcy trustee in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, and may be declared unenforceable against third parties under French law if: (i) the person performed such acts without an obligation to do so; (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (à titre gratuit) in which case such knowledge of the counterparty is not necessary for a successful challenge on grounds of fraudulent conveyance. See "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests—France*."

***Enforcing your rights as a holder of the Notes or under the Guarantees or security interests in the Collateral across multiple jurisdictions may be difficult.***

The Notes will be issued by the Issuer, a company that is organized and established under the laws of France, and will be guaranteed by the Guarantors, which are also organized under the laws of France, and secured by security interests in the Collateral provided by the Issuer, the Guarantors and the Luxembourg Security Providers (which are incorporated under the laws of Luxembourg). In the event that any one or more of the Issuer, the Guarantors or any other of the Issuer's subsidiaries, or any other grantor of security interests in the Collateral, experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

In the event of a bankruptcy, insolvency, administration or similar event, proceedings could be initiated in any of these jurisdictions. In addition, pursuant to the European Council Regulation (EC) No. 848/2015 on insolvency proceedings, the court that shall have jurisdiction to commence insolvency proceedings in relation to a debtor is the court of the Member State (other than Denmark) where the debtor has its COMI. Therefore, to the extent that the COMI of the Issuer or any Guarantor is deemed to be in a particular European jurisdiction, the courts of such jurisdiction may have jurisdiction over the insolvency proceedings with respect to it, irrespective of its jurisdiction of incorporation. For a brief description of certain aspects of insolvency law in the European Union and various jurisdictions in the European Union, see "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

Proceedings could also be initiated in France and Luxembourg to enforce your rights against Collateral located in those jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. There can also be no assurance that you will be able to enforce your rights effectively in such complex, multiple bankruptcy, insolvency or similar proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes, the Guarantees and the Collateral in those jurisdictions or limit any amounts that you may receive.

***The insolvency and administrative laws of France and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral.***

The Notes will be issued by the Issuer and will be guaranteed by the Guarantors, which are organized and exist under the laws of France, and secured by security interests in the Collateral provided by the Guarantors, the Issuer and the Luxembourg Security Providers (which are incorporated under the laws of Luxembourg). In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in France or Luxembourg. The bankruptcy, insolvency, administrative and other laws of a Guarantor's or the Issuer's jurisdiction of organization may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-commencement interest and duration of the proceedings.

Although laws differ among the jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Notes against the Issuer, the enforceability of a Guarantee against a Guarantor and the enforceability of the security interests in the Collateral. The court may also in certain circumstances void the security interest or the Guarantees where the debtor is close to or near insolvency.

In France, among other limitations, the granting of new security interests in the Collateral in connection with the Notes issued is subject to hardening periods, where certain arrangements or disposals that are made during the "hardening period" (période suspecte) (period running from the insolvency date of the debtor until the date of the court decision commencing the judicial reorganization or liquidation proceedings affecting it) may be challenged by the receiver in bankruptcy and certain creditors under applicable rules of avoidance. The applicable hardening period for these new security interests in the Collateral will run from the moment each new security interest has been granted or perfected. The Indenture will permit the security interests in the Collateral to be released and retaken in certain circumstances. Such release and retaking will restart the applicable hardening period. If any security interest granted during the hardening period for debts previously incurred were sought to be enforced, it would be declared void or ineffective or it may not be possible to enforce it. See "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests—France—The "hardening period" (période suspecte) in judicial reorganization and liquidation proceedings."*

In addition, in France, insolvency legislation tends to favor the continuation of a business and protection of employment over the payment of creditors. In the context of proceedings affecting creditors, including court-assisted proceedings (*mandat ad hoc*) proceedings or conciliation proceedings (*procédure de conciliation*), and court-administered proceedings (safeguard proceedings (*sauvegarde, sauvegarde accélérée or sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (liquidation judiciaire)), the ability of holders of the Notes to enforce their rights under the Notes or the Guarantees could be limited or suspended.

Under French law, enforcement of a security interest in the Collateral provided by the Issuer, a Guarantor or any relevant security provider, as the case may be, may be adversely affected by specific or general defenses available to debtors under French law, as the case may be, in respect of the validity, binding effect and enforceability of such security interest.

For more information regarding insolvency laws and enforceability issues as they relate to the Issuer, the Guarantees and the security interests in the Collateral, see "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

In addition, the bankruptcy, insolvency, administrative and other laws of the Issuer's, the Guarantors' or the Luxembourg Security Providers' jurisdiction of organization may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes, the Guarantees and the Collateral in those jurisdictions or limit any amounts that you may receive. See "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests—Grand Duchy of Luxembourg*."

***Investors may not be able to recover in civil proceedings for U.S. securities law violations.***

The Issuer, the Guarantors and the Luxembourg Security Providers are entities organized under the laws of France and Luxembourg with their registered offices or principal places of business in France and Luxembourg. The directors, managers, officers and other executives of the Issuer, the Guarantors and the Luxembourg Security Providers are neither residents nor citizens of the United States. Furthermore, most of the assets of the Issuer, the Guarantors and the Luxembourg Security Providers or directors, managers, officers and other executives of the

Issuer, the Guarantors and the Luxembourg Security Providers are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons and entities, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws within the United States. However, it may be possible for investors to effect service of process within France upon those persons or entities, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

The United States is not party to a treaty with France or Luxembourg providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, would not directly be recognized or enforceable in France or Luxembourg. A party in whose favor such judgment was rendered could initiate enforcement proceedings (exequatur) in France before the relevant civil court (*Tribunal Judiciaire*) that has exclusive jurisdiction over such matter.

Enforcement in France or Luxembourg of such U.S. judgment could be obtained following proper (i.e., non ex parte) proceedings if such U.S. judgment is enforceable in the United States and if the French or Luxembourg court is satisfied that certain conditions have been met. For further information, see "*Enforceability of judgments*."

***Creditors under the Revolving Credit Facility and the PGE Loan and counterparties to future hedging obligations (if any) and future indebtedness permitted to be incurred on a super senior basis under the terms of the Indenture and the Intercreditor Agreement are entitled to be repaid with recoveries from the enforcement of the Guarantee claims and proceeds from the enforcement of the Collateral in priority over the Notes.***

The Intercreditor Agreement includes provisions that govern the sharing of recoveries from guarantee claims and proceeds from enforcement of the Collateral. Such recoveries and enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Notes or the Revolving Credit Facility. The Security Agent is required to pay turned-over amounts and other recoveries by the Security Agent from enforcement actions to discharge obligations under the Revolving Credit Facility, the PGE Loan or future hedging obligations (if any) and future indebtedness in priority to paying any such amounts to discharge the Notes. As such, in the event of a foreclosure of the Collateral or the enforcement of the Guarantees, you may not benefit from such recoveries if the then outstanding claims under the Revolving Credit Facility, the PGE Loan or future hedging obligations (if any) and future indebtedness are greater than the proceeds recovered. Any proceeds remaining from an enforcement sale of Collateral or the enforcement of the Guarantees will, after all obligations under the Revolving Credit Facility, the PGE Loan and such hedging obligations and, if applicable future indebtedness that ranks *pari passu* with the Revolving Credit Facility have been discharged, be applied pro rata in repayment of the Notes.

In addition, the Revolving Credit Facility Agreement contains certain restrictions with respect to the use of proceeds from the sale of assets representing the Collateral prior to the maturity date of the Revolving Credit Facility. See "*Description of certain financing arrangements—Revolving Credit Facility Agreement—Maturity and repayment requirements*."

Furthermore, claims of our secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

***You may be required to pay a "soulte" in the event you decide to enforce the securities account by judicial or contractual foreclosure of the Collateral consisting of shares rather than by a sale of such Collateral in a public auction.***

Security interests governed by French law may only secure payment obligations, may only secure a creditor up to the secured amount that is due and unpaid to it. Under French law, pledges over securities (whether in the form of a pledge over securities account or in the form of a pledge over shareholding interests (*parts sociales*)) may generally be enforced at the option of the secured creditors either (i) by way of a sale of the pledged assets in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of the judicial foreclosure (*attribution judiciaire*) of the pledged assets or by way of contractual foreclosure (*pacte commissoire*) of the pledged securities to the secured creditors, following which the secured creditors become the legal owner of the pledged securities. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or private foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. Such value is determined either by the court in the context of a judicial foreclosure or by a pre-contractually agreed expert in the context of a contractual foreclosure. If the value of the collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the securities and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured in that respect.

Should a holder of the Notes decline to request the judicial or contractual foreclosure of the securities, an enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities, since the latter will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies. See "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests—France—Limitations on enforcement of security interests and cash amount ("soulte").*"

***It may be difficult to realize the value of the Collateral securing the Notes.***

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and/or the Intercreditor Agreement and accepted by other creditors that have the benefit of first-priority security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over real or personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party, including that of competent regulatory authorities or courts, to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

***Holders of the Notes may not control certain decisions regarding the Collateral.***

The obligations under the Notes and the Guarantees are secured on a contractually first-priority basis with security interests over the Collateral that also secure our obligations under the Revolving Credit Facility and certain other indebtedness and hedging obligations (the "Super Senior Liabilities"). The Indenture will also permit the Collateral to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreement. The Intercreditor Agreement provides that the Security Agent will only enforce the Collateral as provided for in the Intercreditor Agreement, and regulates the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. The Security Agent is not required to take enforcement action unless instructed to do so by an instructing group that consists of (i) creditors holding more than 66.67% of the indebtedness and commitments under the Revolving Credit Facility Agreement, certain other indebtedness permitted to rank *pari passu* with the Revolving Credit Facility Agreement on the proceeds of enforcement of Collateral (a "Credit Facility") and the certain priority hedging obligations (the "Majority Super Senior Creditors") and (ii) the holders of the aggregate principal amount of the then outstanding Notes, creditors in respect of indebtedness ranking *pari passu* with the Notes and creditors in respect of certain non-priority hedging obligations (the "Senior Secured Credit Participations") which aggregate more than 50% of the total Senior Secured Credit Participations at that time (the "Notes/Pari passu Required Holders") (in each case acting through their respective creditor representatives). However, if and to the extent the obligations under the Super Senior Liabilities have not been fully discharged in cash within six months of such enforcement instructions first being issued or if Security Agent has not commenced enforcement action within three months of enforcement instructions first being issued or certain insolvency events occur and the Security Agent has not commenced any enforcement action, then the enforcement instructions provided by the Majority Super Senior Creditors will prevail, provided in each case that they are consistent with certain security enforcement principles.

Following the transaction security having become enforceable, a creditor representative acting on behalf of the Majority Super Senior Creditors or the Notes/*Pari passu* Required Holders may at any time (if the Security Agent has not taken any Relevant Enforcement Action (as defined in the Intercreditor Agreement)) provide immediate enforcement instructions to the Security Agent if the Majority Super Senior Creditors or the Notes/*Pari passu* Required Holders determine in good faith that to delay the taking of any enforcement action could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any transaction security or the realization of enforcement proceeds. In such circumstances, the Security Agent shall act only with respect to the relevant asset or debtor that is the subject of such determination, in accordance with the first such notice of such determination and instructions as to enforcement received by the Security Agent, provided in each case that they are consistent with certain security enforcement principles.

If at any time an insolvency event has occurred with respect to any debtor (other than an insolvency event that is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Notes/*Pari passu* Required Holders), the Security Agent shall act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from the Majority Super Senior Creditors, provided that in the event the Security Agent has received Proposed Enforcement Instructions (as defined herein) from the creditor representative for the Notes/*Pari passu* Required Holders and has commenced Relevant Enforcement Action pursuant to such instructions, the Security Agent shall continue to act in accordance with the instructions of the creditor representative for the Notes/*Pari passu* Required Holders until such time as a creditor representative acting on behalf of Majority Super Senior Creditors issues enforcement instructions to the Security Agent and such instructions shall override and supersede any such prior instructions given by the creditor representative for the Notes/*Pari passu* Required Holders.

To the extent we incur additional indebtedness that is secured on a *pari passu* basis with the Notes, the voting interest of holders of Notes in an instructing group will be diluted commensurate with the amount of indebtedness we incur.

The lenders under the Revolving Credit Facility Agreement, the holders of the Existing Senior Secured Floating Rate Notes, the creditors of any other credit facility and the creditors in respect of certain priority hedging obligations may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents and other security interests over the Collateral at a time when it would be disadvantageous for the holders of the Notes to do so. In addition, if the Security Agent sells Collateral consisting of the shares of the Issuer or any of its holding companies or subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Guarantees and the liens over any other assets of such entities securing the Notes and the Guarantees may be released. See "*Description of certain financing arrangements—Intercreditor Agreement" and "Description of the Senior Secured Notes—Security—Release of Liens*."

Delays in enforcement could decrease or eliminate recovery values. In addition, the holders of the Notes will not have any independent power to enforce, or have recourse to, any of the Security Documents or to exercise any rights or powers arising under the Security Documents or other transaction security, except through the Security Agent as provided in the Intercreditor Agreement. By accepting the Notes, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against the Issuer and the Guarantors in the event of a default. See "*Description of certain financing arrangements—Intercreditor Agreement.*"

***The Issuer and the Guarantors have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.***

The Security Documents relating to the Notes allow the Issuer, the Guarantors and the other Collateral providers to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes to the extent that it relates to their assets. So long as no enforcement event or acceleration event has occurred, the Issuer, the Guarantors and the other Collateral providers may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness.

***The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.***

For a description of the security over the Collateral, see "*Summary—The Offering—Security*." In the event of an enforcement of the pledges in respect of the Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. The value of the assets underlying the pledges will also depend on many factors, including, among others, whether or not the business is sold as a going concern, the ability to sell the assets in an orderly sale, the condition of the economies in which operations are located, the availability of buyers and whether approvals required to purchase the business would be available to a buyer of the assets. In addition, the Intercreditor Agreement provides that, in the event of any distribution of the proceeds from the sale of certain Collateral, the lenders under the Revolving Credit Facility, any other Credit Facility or certain hedging obligations will be entitled to receive from such distribution payment in full in cash before the holders of the pledges securing the Notes will be entitled to receive any payment from such distribution with respect to the Notes.

The shares and other Collateral that are pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these shares or other assets may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be salable or, if salable, that there will not be substantial delays in the liquidation thereof. Most of our assets will not secure the Notes, and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. With respect to any shares of our subsidiaries pledged to secure the Notes and/or the Guarantees, such shares may also have limited value in the event of a bankruptcy, insolvency or other similar proceedings in relation to the entity's shares that have been pledged because all the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of the Collateral may decline over time.

The Indenture will also permit the granting of certain liens other than those in favor of the holders of the Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties have liens on the Collateral, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to the Collateral which, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. Moreover, if we issue additional Notes under the Indenture, holders of such additional Notes would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral. Although we will be subject, under the Indenture, to certain restrictions on our ability to incur additional indebtedness that will be secured by the Collateral, including a Consolidated Senior Secured Net Leverage Ratio contained in the Indenture (as defined and described under "*Description of the Senior Secured Notes—Certain covenants—Limitation on Indebtedness*"), the definition of Senior Secured Indebtedness contained in the Indenture or the purposes of calculating the Consolidated Senior Secured Net Leverage Ratio contained in the Indenture contains certain important exceptions and carve-outs.

***The security over the Collateral is not granted directly to the holders of the Notes.***

The security interests in the Collateral that secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under their respective Guarantees are not granted directly to the holders of the Notes but have been granted only in favor of the Security Agent. The Indenture will provide, and the Intercreditor Agreement provides that only the Security Agent and Parallel Debt (as defined below) creditors have the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the Collateral.

Under French law, the pledgee of a French law security interest and the creditor of the claim secured by such security interest are required to be the same person. Such security interest cannot be held on behalf of the creditors by third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 of the French Civil Code or as security agent (*agent des sûretés*) under Articles 2488-6 *et seq*. of the French Civil Code which came into force on 1st October 2017. The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the Intercreditor Agreement provides for the creation of "parallel debt" obligations in favor of the Security Agent (the "Parallel Debt") mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the holders of the Notes under or in connection with the Indenture (the "Principal Obligations").

Although the French Supreme Court (*Cour de cassation*) has recognized, in a decision on Parallel Debt mechanisms (Cass. com. 13 September 2011 n°10-25.533 Belvédère) relating to bond documentation governed by New York law, the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the security interests in the Collateral created for the benefit of the Security Agent as Parallel Debt creditor under the Parallel Debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral securing the Notes. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The Trustee will have certain assigned duties and rights under the Indenture that become particularly important following defaults or events of default, and acts in the interests of the holders of the Notes.

The concept of "*trust*" has been recognized by the French Tax Code and the French Supreme Court (*Cour de cassation*), which has held, in the same published decision referred to above (Cass. com. 13 September 2011 n°10-25533 Belvédère) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings commenced in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985 on the law applicable to trusts and on their recognition, so the concept of "trust" has not been generally recognized under French law.

The Security Documents are granted to the benefit of, among others, the Trustee. To the extent that the security interests in the Collateral securing the Notes created to the benefit of the Trustee are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral securing the Notes. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Trustee. See "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests—France*" and "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests—Grand Duchy of Luxembourg*."

***The Notes are secured only to the extent of the value of the assets that have been granted as security for the Notes.***

If there is an event of default under the Indenture, the holders of the Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes. In addition, in the future, the obligations to provide additional guarantees and grant additional security over assets, whether as a result of the creation of future assets or subsidiaries or otherwise, are, in certain circumstances, linked to our obligations under the Revolving Credit Facility Agreement, subject to certain agreed security principles. To the extent that lenders under the Revolving Credit Facility Agreement are granted security, the negative pledge in the Indenture may require, subject to local law limitations, such security to also be granted for the benefit of holders of the Notes. The agreed security principles set forth in the Revolving Credit Facility Agreement contain a number of limitations on the rights of the lenders to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted or perfected over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by the Issuer, the Guarantors and the Luxembourg Security Providers.

To the extent that the claims of the holders of the Notes exceed the value of the assets securing those Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes. As a result, if the value of the assets pledged as security for the Notes is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid.

***Investors' rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.***

Applicable law may require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The security interests in the Collateral may not be perfected with respect to the Notes and the Guarantees if we or the Security Agent are not able to or do not take the actions that are necessary to perfect any such security interests. Neither the Trustee nor the Security Agent shall have any obligation to take any steps or actions to perfect any of these security interests. Such failure may result in the invalidity of the relevant security interest in the Collateral securing the Notes or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, applicable law may require that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the Security Agent will monitor, or that we will inform the Security Agent of, the future acquisition of property and rights that constitute Collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The Security Agent has no obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest therein. Such failure may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Notes and the Guarantees against third parties. See "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests—France—Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.*"

Additionally, the Indenture and the Security Documents entered into in connection with the Notes do not require us to take a number of actions that might improve the perfection or priority of the security interests of the Security Agent in the Collateral. To the extent that the security interests created by the Security Documents with respect to any Collateral are not perfected, the Security Agent's rights will be equal to the rights of general unsecured creditors in the event of a liquidation, foreclosure, bankruptcy, reorganization or similar proceedings.

***The loans under our Revolving Credit Facility Agreement and the Existing Senior Secured Floating Rate Notes bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.***

The loans under our Revolving Credit Facility Agreement and the Existing Senior Secured Floating Rate Notes bear interest at floating rates of interest per annum equal to EURIBOR (and in respect of certain utilizations under the Revolving Credit Facility Agreement, LIBOR), as adjusted periodically (and, in respect of the Revolving Credit Facility, a zero floor applying to EURIBOR/LIBOR), plus a margin. These interest rates could rise significantly in the future. We may enter into certain interest rate hedging arrangements designed to fix a portion of these rates but are not required to do so. In addition, there can be no assurance that hedging will continue to be available on commercially reasonable terms. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes or on our other debt instruments.

***There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically, without your consent or the consent of the Trustee.***

Under various circumstances, the Guarantees and the Collateral securing the Notes will be released automatically as described under "*Description of the Senior Secured Notes—Release of Liens*," including, but not limited to:

- in the case of Collateral (other than the lien granted over the shares of the Parent Guarantor), in connection with any sale or other disposition of property or assets constituting Collateral (as applicable), if the sale or other disposition does not violate the "*Limitation on sales of assets and subsidiary stock*" covenant, described under "*Description of the Senior Secured Notes*," is otherwise permitted in accordance with the Indenture;
- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of the Guarantor;
- as described under "*Description of the Senior Secured Notes—Amendments and waivers*" and "*Description of the Senior Secured Notes—Limitation on Liens*";
- upon payment in full of principal, interest and all other obligations of the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided under "*Description of the Senior Secured Notes—Defeasance*" and "*Description of the Senior Secured Notes—Satisfaction and discharge*";
- in respect of liens over the Collateral granted by LuxCo 5, upon the final release and discharge of the liens granted over such Collateral in respect of the Existing Senior Secured Floating Rate Notes;
- the property, assets and shares of a restricted subsidiary designated as an unrestricted subsidiary in accordance with the applicable provisions of the Indenture;
- in respect of the security provided by LuxCo 5 and LuxCo 6 securing the Notes, upon a change of control; and
- in accordance with the Intercreditor Agreement.

Unless consented to and subject to certain conditions and exceptions, the Intercreditor Agreement provides that the Security Agent shall not, in an enforcement scenario, exercise its rights to release the Guarantees or security interests in the Collateral unless the relevant sale or disposal is made:

- for consideration, all or substantially all of which is in the form of cash; and
- pursuant to an auction or other competitive sale process, under the consultation of an internationally recognized investment bank or accountancy firm which shall (save in certain circumstances) opine on the consideration received by giving a fairness opinion.

***Investors may face foreign exchange risks by investing in the Notes.***

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than the euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which the investor measures the return on his or her investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which an investor measures the return on his or her investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investor measures the return on his or her investments. Investments in the Notes by U.S. holders (as defined in "Tax considerations—Certain U.S. federal income tax considerations") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "Tax considerations—Certain U.S. federal income tax considerations."

***The Notes may be issued with original issue discount for U.S. federal income tax purposes.***

If the stated principal amount of a Note exceeds its issue price by an amount greater than or equal to a statutorily defined de minimis amount, then the Note will be considered to be issued with original issue discount

(“OID”) for U.S. federal income tax purposes. If any Note is issued with OID, then, in addition to the stated interest on the Note, a U.S. holder will be required to include such OID in gross income (as ordinary interest income) as it accrues on a constant yield to maturity basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable and regardless of the holder’s method of accounting for U.S. federal income tax purposes. See “Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations.”

***Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. On May 25, 2020, Moody’s Investors Service, Inc. downgraded the rating of the Existing Senior Secured Fixed Rate Notes and the Existing Senior Secured Floating Rate Notes from B3 to Caa1. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost, terms and conditions of our financings and could adversely affect the value and trading of the Notes.

***Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.***

Because the Notes and the Guarantees have not or will not have been, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes in the United States and other countries comply with applicable securities laws. For further information, see “*Transfer restrictions*.”

***The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.***

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream.

Interests in the Global Notes (as defined herein) will trade in book-entry form only, and Notes in definitive registered form, or Definitive Registered Notes (as defined herein), will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants’ accounts that hold book-entry interests in the Global Notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer’s solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, they will be permitted to act only to the extent they have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an "Event of Default" under the Indenture, unless and until Definitive Registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-entry, delivery and form*."

***There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.***

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment-grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance.

***The Notes may not become, or remain, listed on the Official List of the Exchange.***

Although the Issuer has agreed to use its commercially reasonable efforts to have the Notes listed on the Official List of the Exchange within a reasonable period after the Issue Date and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain, listed. If the Issuer cannot maintain the listing on the Official List of the Exchange or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Exchange, provided that it will use reasonable best efforts to obtain and maintain the listing of the Notes on another stock exchange, although there can be no assurance that the Issuer will be able to do so. Although no assurance can be made as to the liquidity of the Notes as a result of listing on the Official List of the Exchange or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

***Holders of the Notes may have adverse tax consequences in the event of an IPO Pushdown.***

Under certain circumstances, we may undertake an IPO Pushdown (as described under ''*Description of the Notes—IPO Pushdown*''), pursuant to which the Issuer is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things the Issuer (and all related provisions) will now refer to the IPO Pushdown Entity and its Restricted Subsidiaries. In such event, each holding company of the IPO Pushdown Entity would be released from its obligations under the indenture governing the Notes. Such a modification to the terms of the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of (i) the Notes as in place prior to such modifications for (ii) new Notes as in place after such modifications ("New Notes"). If such modifications resulted in a deemed exchange, such a deemed exchange could be treated as a taxable transaction for U.S. federal income tax purposes in which certain beneficial owners of the Notes could be required to recognize gain or loss. Furthermore, for U.S. federal income tax purposes the New Notes deemed issued in such a deemed exchange could be treated as issued with original issue discount. In such event, U.S. holders (as defined under "*Certain Tax Consequences—Certain U.S. Federal Income Tax Considerations"*) would be required to include that original issue discount in their income as it accrues, in advance of the receipt of cash corresponding to such income. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to modification of the Notes in connection with the IPO Pushdown, including the U.S. federal income tax considerations of a deemed exchange and resulting OID, if any.

## USE OF PROCEEDS

We estimate that the gross proceeds from the sale of the Notes will be €300.0 million. We intend to use the gross proceeds from the Offering to (i) fund the Existing Senior Secured Fixed Rate Notes Redemption, (ii) fund the Existing 2019 Senior Secured Floating Rate Notes Redemption and (iii) pay the fees and expenses incurred in connection with the foregoing.

The expected estimated sources and uses of the funds necessary to consummate the Refinancing are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including accrued interest on debt being repaid, the issue price of the Notes, differences from our estimates of fees and expenses associated with the Refinancing.

| Sources of Funds | Amount (€ in millions) | Uses of Funds | Amount (€ in millions) |
|---|---|---|---|
| Proceeds from the Notes(1) | 300.0 | Redemption of Existing Senior Secured Fixed Rate Notes(2) | 260.0 |
| | | Redemption of Existing 2019 Senior Secured Floating Rate Notes(3) | 37.0 |
| | | Fees and expenses(4) | 3.0 |
| **Total Sources** | **300.0** | **Total Uses** | **300.0** |

(1) Reflects the gross proceeds from the issuance of the Notes, assuming an issuance at par.

(2) Represents the principal amount of Existing Senior Secured Fixed Rate Notes to be redeemed in full on or about the Issue Date and excludes accrued and unpaid interest (which amounts to €2.3 million, assuming a redemption date of July 15, 2020). The Existing Senior Secured Fixed Rate Notes are redeemable at par.

(3) Represents the aggregate principal amount of Existing 2019 Senior Secured Floating Rate Notes to be redeemed on or about the Issue Date and excludes accrued and unpaid interest (which amounts to €0.4 million, assuming a redemption date of July 15, 2020). The Existing 2019 Senior Secured Floating Rate Notes are redeemable at par.

(4) Represents certain fees and expenses associated with the Refinancing, including commitment, placement and financial advisory fees and other transaction costs (including associated VAT) and professional fees.

# CAPITALIZATION

The following table sets forth our capitalization, as of March 31, 2020, on an actual basis and as adjusted for the Refinancing. The table below should be read in conjunction with "*Summary—Summary consolidated financial and other information,*" "*Use of proceeds*," "*Selected consolidated financial and other information*" and our financial statements and related notes included elsewhere in this Offering Memorandum.

| | **As of March 31, 2020** | |
|---|---|---|
| **(€ in millions; unaudited)** | **Actual** | **As adjusted for the Refinancing** |
| **Cash and cash equivalents[1]** | **165.2** | **165.2** |
| **Financial debt[2]** | | |
| Revolving Credit Facility[3] | 78.0 | 78.0 |
| Notes offered hereby | — | 300.0 |
| Existing Senior Secured Fixed Rate Notes[4] | 260.0 | — |
| Existing 2019 Senior Secured Floating Rate Notes[5] | 175.0 | 138.0 |
| Existing 2016 Senior Secured Floating Rate Notes[6] | 443.0 | 443.0 |
| **Senior secured debt[7]** | **956.0** | **959.0** |
| Other third-party borrowings[8] | 89.3 | 89.3 |
| Lease liabilities[9] | 178.1 | 178.1 |
| **Total financial debt** | **1,223.4** | **1,226.4** |
| Shareholders' equity | 54.8 | 54.8 |
| **Total capitalization** | **1,278.2** | **1,281.1** |

(1) Includes cash on hand, short-term deposits with a term of three months or less and marketable securities, which are short-term investments, highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value, and net of bank overdraft (€2.6 million). Our cash and cash equivalents as of March 31, 2020 are higher than usual, due to various measures that we implemented following the COVID-19 outbreak in order to maximize our liquidity, such as drawings on certain lines of credit, deferral of supplier payments and working capital optimization.

The as adjusted for the Refinancing amount does not include any adjustments to our cash and cash equivalents due to working capital expansion or contraction, the proceeds of the PGE Loan and other loans that we entered into after March 31, 2020, following the COVID-19 outbreak (see "*Summary—Recent Developments—COVID-19 related financing*") or any other cash utilization since March 31, 2020.

(2) Amounts exclude capitalized debt issuance costs and accrued and unpaid interest.

(3) Represents the amount drawn under our Revolving Credit Facility as of March 31, 2020, which was fully drawn with €78.0 million of cash drawings and €22.0 million of guarantees. We expect the Revolving Credit Facility to remain fully drawn following completion of the Refinancing. See "*Description of certain financing arrangements—Revolving Credit Facility Agreement*."

(4) Represents the Existing Senior Secured Fixed Rate Notes, which will be repaid on or around the Issue Date pursuant to the Existing Senior Secured Fixed Rate Notes Redemption.

(5) Represents the Existing 2019 Senior Secured Floating Rate Notes, of which €37.0 million aggregate outstanding principal amount will be repaid on or around the Issue Date pursuant to the Existing 2019 Senior Secured Floating Rate Notes Redemption.

(6) Represents the Existing 2016 Senior Secured Floating Rate Notes, which will remain outstanding following completion of the Refinancing.

(7) Represents debt that is secured by a senior ranking lien over the Collateral. The as adjusted for the Refinancing amount does not give effect to the PGE Loan, which is secured on the Collateral. See "*Description of certain financing arrangements—PGE Loan*."

(8) Represents: (i) €22.3 million outstanding under factoring arrangements; (ii) €34.0 million outstanding under bilateral facilities; and (iii) €33.0 million outstanding under local lines of credit incurred by our subsidiaries in Italy and Spain in the ordinary course of business. See "*Description of certain financing arrangements—Other financing arrangements.*" Amount excludes the value of the current portion of a put option held by minority shareholders of certain of our subsidiaries (€16.4 million) and the fixed value of Contingent Value Instruments (€1.2 million). The as adjusted for the Refinancing amount does not give effect to the PGE Loan (€25.0 million) and other loans that we entered into after March 31, 2020, following the COVID-19 outbreak (see "*Summary—Recent Developments—COVID-19 related financing*").

(9) Represents (i) €3.4 million outstanding under finance leases and (ii) €174.7 million of lease liabilities accounted for in accordance with IFRS 16 (*Leases*).

## SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables set forth our summary consolidated financial information and other data for the periods ended and as of the dates indicated below. Our summary consolidated financial information as of and for the years ended December 31, 2017, 2018 and 2019 has been derived from the audited consolidated financial statements of the Parent Guarantor as of and for the years ended December 31, 2018 and 2019, which are included elsewhere in this Offering Memorandum. The consolidated financial statements as of and for the years ended December 31, 2017, 2018 and 2019, have been audited by our auditors and their audit reports are included elsewhere in this Offering Memorandum. The consolidated financial statements of the Parent Guarantor included in this Offering Memorandum have been prepared in accordance with IFRS. See "*Presentation of Financial Information*."

Our selected unaudited interim condensed consolidated financial information as of and for the three months ended March 31, 2020, has been derived from the unaudited interim condensed consolidated financial statements of the Parent Guarantor as of and for the three months ended March 31, 2020, which are included elsewhere in this Offering Memorandum. The historical unaudited financial information for the three months ended March 31, 2020, has been prepared using the same accounting principles as the financial information as of and for the year ended December 31, 2019, and contains all adjustments that management considers necessary for a fair presentation of the financial position and results of operations for the periods presented. The selected interim condensed consolidated financial information as of and for the three months ended March 31, 2019, included in this Offering Memorandum has been derived from the comparative information contained in the unaudited interim condensed consolidated financial information of the Parent Guarantor as of and for the three months ended March 31, 2020. The unaudited interim condensed consolidated financial statements of the Parent Guarantor have been prepared in accordance with IAS 34 "Interim Financial Reporting," the IFRS standard applicable to interim financial statements. The consolidated financial statements of the Parent Guarantor included in this Offering Memorandum have been prepared in accordance with IFRS.

The following information should be read in conjunction with "*Management's discussion and analysis of financial condition and results of operations*" and our consolidated financial statements and the related notes thereto included elsewhere in this Offering Memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

**Selected consolidated income statement**

| (€ in millions) | Year ended December 31, 2017 | 2018 | 2019 | Three months ended March 31, 2019 | 2020 | Twelve months ended March 31, 2020 |
|---|---|---|---|---|---|---|
| **Revenue** | **1,254.8** | **1,465.8** | **1,797.4** | **451.2** | **436.7** | **1,782.9** |
| Cost of goods sold | (699.5) | (844.2) | (1,037.6) | (263.7) | (254.1) | (1028) |
| Personnel costs | (276.0) | (306.9) | (361.6) | (89.3) | (90.3) | (362.6) |
| External expenses | (166.2) | (193.8) | (209.2) | (55.1) | (52.6) | (206.7) |
| Taxes other than income taxes | (11.1) | (11.3) | (12.3) | (5.5) | (6.1) | (12.9) |
| Other operating income and expenses | 5.5 | 3.1 | 3.0 | (0.4) | (0.8) | 2.6 |
| Depreciation and amortization expenses | (29.8) | (39.4) | (95.0) | (22.8) | (23.3) | (95.5) |
| **Operating income from ordinary activities** | **77.8** | **73.5** | **84.7** | **14.4** | **9.4** | **79.7** |
| Other income from operations | 0.7 | 0.8 | — | — | — | — |
| Other expenses from operations | (13.4) | (15.4) | (9.0) | (1.2) | (0.4) | (8.2) |
| Operating income | **65.1** | **58.8** | **75.7** | **13.2** | **9.0** | **71.5** |
| Financial income | 4.3 | 1.5 | 1.1 | 0.2 | 0.1 | 1.0 |
| Financial expenses | (31.2) | (44.0) | (57.9) | (14.3) | (14.4) | (58.0) |
| Share of net income of equity method investees | (0.3) | — | — | — | — | — |
| **Income before tax** | **37.9** | **16.3** | **18.9** | **(0.9)** | **(5.3)** | **14.5** |
| Income taxes | (5.4) | (12.6) | (2.2) | (3.1) | (2.1) | (1.2) |
| **Net income from continuing operations** | **32.6** | **3.7** | **16.7** | **(4.0)** | **(7.4)** | **13.3** |
| Net income from discontinued operations | (1.3) | — | — | — | — | — |
| **Net income** | **31.3** | **3.7** | **16.7** | **(4.0)** | **(7.4)** | **13.3)** |

### Selected consolidated statement of financial position

| (€ in millions) | As of December 31, 2017 | As of December 31, 2018* | As of December 31, 2019 | As of March 31, 2020 |
|---|---|---|---|---|
| **Assets** | | | | |
| Total non-current assets | 526.0 | 808.1 | 974.9 | 970.2 |
| Total current assets | 611.5 | 705.3 | 754.6 | 853.6 |
| **Total assets** | **1,137.5** | **1,513.4** | **1,729.5** | **1,823.8** |
| **Equity and liabilities** | | | | |
| Shareholders' equity | 115.2 | 51.3 | 59.1 | 52.8 |
| Non-controlling interests | (0.3) | 1.0 | 2.5 | 4.4 |
| **Total equity** | **114.9** | **52.3** | **61.6** | **57.2** |
| Total non-current liabilities | 667.2 | 912.6 | 1,119.7 | 1,113.3 |
| Total current liabilities | 355.3 | 548.6 | 548.2 | 653.3 |
| **Total equity and liabilities** | **1,137.5** | **1,513.4** | **1,729.5** | **1,823.8** |

* Restated. See "*Presentation of financial information and other data—Restatements*."

### Selected consolidated statement of cash flows

| (€ in millions) | Year ended December 31, 2017* | Year ended December 31, 2018 | Year ended December 31, 2019 | Three months ended March 31, 2019 | Three months ended March 31, 2020 |
|---|---|---|---|---|---|
| Net income | 31.3 | 3.7 | 16.7 | (4.0) | (7.4) |
| Net cash from operating activities—continuing operations | 103.2 | 58.9 | 109.9 | 35.3 | 115.6 |
| Net cash from (used in) investing activities—continuing operations | (84.2) | (201.3) | (91.0) | (8.6) | (8.4) |
| Net cash from (used in) financing activities—continuing operations | 4.5 | 149.1 | (32.9) | (9.3) | (5.3) |
| Cash and cash equivalents at beginning of period** | 50.1 | 70.6 | 77.4 | 77.4 | 63.5 |
| Cash and cash equivalents at end of period** | 70.6 | 77.4 | 63.5 | 94.8 | 165.3 |

* Restated by reclassifying €18.5 million of bank overdrafts of Italian entities outstanding on the date on which we acquired these entities, from the line item business acquisitions (net of cash acquired) to the line item net cash and cash equivalents for the year ended December 31, 2017.

** Includes cash and cash equivalents from discontinued operations.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following is a discussion and analysis of our financial condition and results of operations as of and for the three months ended March 31, 2019 and 2020 and as of and for the years ended December 31, 2017, 2018 and 2019. You should read this discussion in conjunction with "Presentation of financial information and other data" and our unaudited interim condensed consolidated financial statements and our audited consolidated financial statements and the related notes included elsewhere in this Offering Memorandum. Our audited consolidated financial statements have been prepared in accordance with IFRS. Our Unaudited Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting," the IFRS standard applicable to interim financial statements.*

*Unless otherwise indicated, information presented in this discussion is presented on a consolidated basis. This discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties, which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See "Forward-looking statements" for a discussion of risks and uncertainties facing us. You should also see "Risk factors."*

## Overview

We are a leading aftermarket light vehicle spare parts distributor and truck spare parts distributor and repairer in Western Europe, mainly active in France, Benelux, Italy and Spain, with over 55 years of experience. Since the acquisition of Oscaro in November 2018, we have become an "omni-channel" (online and offline) distributor in the business-to-business ("B2B"), business-to-consumer ("do it yourself") ("B2C (DIY)") and business-to-consumer ("B2C") segments. We hold strong regional positions in favorable markets, supported by our unique operational model and value-added services proposition, our history of organic growth and value-accretive acquisition-led growth as well as our strong financial profile. For the twelve months ended March 31, 2020, we generated revenue of €1,782.9 million, an Adjusted EBITDA—IFRS 16 of €197.8 million and a Pro Forma Adjusted EBITDA of €219.9 million.

We are the market leader in the light vehicle IAM in France, with the largest independent single-branded distribution network and 29% market share (in terms of revenue) in 2018, and in the truck IAM in France, with the largest independent distribution network and 18% market share (in terms of revenue) in 2018. We also hold leading positions around the rest of Western Europe and, in 2018, we were the second largest light vehicle IAM distributor in both Belgium and Italy (21% and 4% market share, respectively), the fourth largest light vehicle IAM distributor in the Netherlands (5% market share). We entered the Spanish light vehicle IAM with the acquisition of 75.1% of AD Bosch in 2019, a leading B2B distributor in Catalonia with approximately 27 sites as of December 2019, and a member of AD Parts, the leading light vehicle IAM distributor in Catalonia, Spain, with 30% market share in 2018.

## Key factors affecting our results of operations

The following are key factors that have significantly affected our results of operations and financial condition and liquidity during the three months ended March 31, 2019 and 2020 and the years ended December 31, 2017, 2018 and 2019 or which we expect will significantly affect (or continue to affect) our results of operations in the future.

### *Factors related to our industry*

*Dynamics of the aftermarkets for spare parts for light vehicles, trucks and collision repair*

The following factors may affect the distribution aftermarkets in which we operate in any given period:

- **Size of the car parc/truck fleet**. The number of light vehicles and trucks on the road impacts the size of the aftermarket for spare parts for light vehicles and trucks. The size of the car parc in Western Europe has grown steadily in recent years and is expected to increase at a CAGR of 0.1% between 2018 and 2025. Growth of the car parc is impacted by population size, the rate at which new cars are introduced into circulation and the rate at which old cars are retired from the road. The size of the truck fleet in France, our primary truck market, has remained more or less flat in recent years and is expected to grow slightly between 2019 and 2023. Growth of the truck fleet is impacted by the same factors as those impacting the car parc, plus general economic factors which may result in an increase or decrease in the number of new registrations as a function of demand for commercial shipping (which tends to increase during times of economic growth and decrease during times of economic difficulty).

- **Age and quality of the car parc/truck fleet**. The average age of light vehicles and trucks in operation also has an impact on the distribution aftermarkets in which we operate. In the EU, the average age of the light vehicle car parc has increased from approximately 9.6 years in 2011 to 10.5 years in 2019, a trend which is expected to continue. In France, our largest market, the average age of the light vehicle car parc has increased from approximately 8.0 years in 2007 to 9 years in 2019, and is expected to increase to 9.3 years by 2030. In general, older vehicles require more repair and maintenance services and spare parts than younger ones, and as a result, an increase in the age of the car parc and truck fleet is expected to have a positive impact on our operations. The age of the car parc and truck fleet is impacted by the sales price and production quality of new light vehicles and trucks because both high sales prices and increasing production quality (which generally enables vehicles to run longer without repair or replacement) generally lead owners and truck fleet managers to delay the purchase of new light vehicles and trucks, respectively, which could lead to decreased demand in the short term for our products and services, although such purchases would also increase the size of the car parc or truck fleet, potentially stimulating demand for our products and services in the medium- to long-term. Additionally, regulations may continue to evolve in connection with gas emissions, which may lead to upgrades to the car parc overall.

- **Miles travelled.** Vehicles that are frequently used and driven for longer distances typically require more repair and maintenance services and replacement of spare parts than those that have traveled less. The average annual mileage for light vehicles is structurally resilient, with limited or no impact from economic downturns. General economic conditions impact mileage, and government incentives that encourage carpooling and the use of public transportation may also reduce miles travelled. The fleet mileage for trucks in France is also expected to grow, mainly driven by the recovery in Europe of the manufacturing and construction sectors and associated transportation needs.

- **Job frequency**. Our results are impacted by the frequency with which drivers and truck fleet operators seek repairs on their vehicles or require replacement parts. Higher job frequency benefits us because it increases demand for the products that we distribute and the services we provide. A number of factors affect job frequency. As the car parc and truck fleet age, the need for repairs and/or maintenance increases, thus increasing job frequency. Likewise, increased average mileage of the car parc and truck fleet tends to also translate into greater job frequency as parts reach the end of their useful lives sooner. Finally, general economic conditions can also impact job frequency, as during an economic downturn, drivers or truck fleet managers may postpone non-essential vehicle repairs and maintenance due to their diminished spending power.

- **Preference for independent garages over manufacturers' dealers' garages**. We believe that the diminished spending power of consumers and the increasing age of the car parc and truck fleet have encouraged drivers and truck fleet managers to rely more on garages operating in the independent segment, as opposed to the manufacturers' dealers' segment. On average, the IAM provides more competitive pricing than the OES. Certain customers prefer, however, particularly during the warranty coverage period, to have their light vehicle serviced in a manufacturer's dealer's garage, due to the link between the manufacturers' dealers' garage and the original light vehicle manufacturer, despite current EU regulations that allow customers to use independent garages without impacting their warranty. Manufacturers' dealers' garages tend to use original vehicle manufacturer parts that generally have higher prices than those offered by us.

- **Diversity of the car parc**. There are many brands and models of vehicles on the road in our geographic markets, each of which requires specific spare parts for repairs. Any increase in the variety of spare parts would benefit large, integrated distributors such as us because we have the scale to stock a wide variety of spare parts. As a result, we can serve as a one-stop-shop for our end-customers, who increasingly require a wider range of products. This increase in brands and models of vehicles may adversely affect manufacturers' dealers' distributors, which focus on single brands, and small-scale IAM distributors, which are less able to offer a wide variety of spare parts. An increase in the variety of brands and models of vehicles may lead to further consolidation among smaller IAM distributors, thereby further benefiting established, large and integrated distributors such as us.

The factors described above have generally had a positive impact on our results for the periods under review, and we believe have generally increased our ability to maintain stable earnings and cash flow.

*Technological trends in our industry*

Our results are impacted by evolving technical specifications and new technologies in our industry and our ability to timely respond to such trends. Technological advancements in the light vehicle and truck market, such as the increasing number of driver assistance systems, collision prevention systems, control devices and other electronic components, have resulted in more complex and more expensive repair processes and related spare parts. The increased use of technology in the manufacturing of light vehicles, trucks and their respective spare parts has improved the quality and extended the lifespan of key light vehicle and truck components, such as exhaust systems, tires, and brakes. These trends have adversely affected our operations in certain of our business segments because light vehicle and truck spare parts tend to wear out less frequently, which in turn lengthens maintenance service cycles, lowers job frequency and leads to lower demand for spare parts and repair services.

Furthermore, due to ongoing technological developments, independent garages need to acquire the appropriate technical expertise in newly developed components and gain access to the training, tools, instruments and parts that such technological developments demand. Failure by independent garages to do so may result in an increase in demand for maintenance and repair services provided by manufacturers' dealers' garages with the necessary technical expertise. Similarly, given the extended lifespan of spare parts, certain truck and light vehicle manufacturers have extended their new warranties (in the case of light vehicles to eight years or more, as compared to four to five years in the past) and provide long-term service programs to customers. Nevertheless, in many cases, decreasing volumes have been offset by increased prices for technologically advanced spare parts and complex repair services. In addition, certain technological advancements may require entire modules or systems to be replaced in certain types of light vehicles, as opposed to discrete parts, thereby increasing replacement costs and decreasing market shares for small garages.

*Competition*

We face competition in our markets from two principal types of market participants: OE distributors and other IAM distributors. The OE segment typically specializes in light vehicles and trucks from newly-purchased to three-year-old vehicles, and captures a large share of light vehicle and truck repairs covered by warranties, as well as a more limited share of repairs of light vehicles and trucks aged four years and older. Certain vehicle manufacturers have, however, extended their new light vehicles warranties to up to eight years and now cover longer-term maintenance and repairs. We also face direct competition from other IAM distributors, particularly on the basis of operational efficiency and price.

We also compete against online light vehicle and truck spare parts retailers that mainly compete with us on the basis of price. We believe that an increasing number of customers compare prices on the Internet before making a purchase and generally choose products with the most competitive price. We realized at an early stage that the Internet offered innovative opportunities for light vehicle and truck spare parts distributors. In order to take advantage of these opportunities, we acquired Oscaro in November 2018, the French leader in online sales of light vehicle spare parts. Oscaro is one of the first online players to offer new spare parts from manufacturers and wholesalers, generating the majority of its revenue from the B2C (DIY) segment.

*General economic conditions*

Our business and the demand for certain products that we distribute are affected by general economic conditions in the markets in which we operate. While our business and the IAM in Western Europe as a whole have generally proven resilient during economic cycles, each of our business lines responds differently to general economic conditions. Our light vehicle business line tends to demonstrate resilience during weaker general economic conditions, as light vehicle owners switch to cheaper independent garages from manufacturers' dealers' garages and the average age of the car parc increases, increasing demand for maintenance. This provides our business with an element of counter-cyclicality, in spite of vehicle owners delaying repairs for a short period of time. Our truck parts distribution business line shows a higher correlation with general economic cycles, with miles driven by trucks, and therefore demand for truck parts, increasing as general economic conditions improve. Our collision repair business tends not to be significantly affected by general economic cycles. In addition, certain of our products, such as brake pads, belts and other critical parts, tend to exhibit inelastic demand, even during difficult economic conditions, while more discretionary items, such as accessories for light vehicles and trucks, tend to be impacted more by the economic climate, for example during COVID-19.

*Regulation*

The market for the supply and distribution of spare parts is affected by regulatory changes in each of the geographies in which we operate, including those that govern access to the spare parts aftermarket for IAM distributors and those that seek to impact vehicle safety and other driver behaviors.

- **Block Exemption Regulation**: The market for the supply and distribution of light vehicle and truck spare parts and the provision of repair and maintenance services has been generally liberalized as a result of EU regulations. Regulation (EU) No. 461/2010 dated May 27, 2010 was adopted to promote fair and effective competition among aftermarket players, vehicle manufacturers and authorized repairers, by ensuring that aftermarket players have access to spare parts and technical information relating to such spare parts. The current regulatory framework (valid through to May 2023) is favorable for IAM players such as us because it provides for: (i) full access for independent light vehicle and truck spare parts manufacturers and garages to the technical information needed to ensure effective competition within and between the IAM and the OE aftermarket, (ii) customers' rights to engage independent garages throughout the life of the light vehicle with no warranty limitations, (iii) the unrestricted sale of light vehicle and truck spare parts in the IAM and (iv) resellers' rights to use private brands and logos for light vehicle and truck spare parts sales.
- **Traffic laws and policy**: The overall market for collision repair in France has been affected by a decline in collisions as a result of the increased enforcement of and publicity surrounding traffic laws. We have, however, increased our market share in this declining market by strengthening our relationships with car insurance companies, providing collision parts at lower prices and improving our supply chain for the delivery of light vehicle parts for collision repair. Likewise, regulations applicable to trucks are particularly stringent and apply high standards for truck safety through periodic technical controls.
- **CICE**: In addition, our results are also impacted by government policies in France relating to payments for certain social charges, such as CICE. In December 2012, CICE, a tax credit for encouraging competitiveness and jobs, was adopted as part of an overall stated French government policy to improve the competitive position of companies in France. However, Article 86 of the French Finance Law for 2018 (law 2017-1837 of December 30, 2017) abolished the CICE for salaries paid as from January 1, 2019. Another concurrently enacted law (law 2017-1836 of December 30, 2017) partly balanced the elimination of the CICE by decreasing, under certain conditions, by one point the rate of one of the employer's social security contributions as from January 1, 2019. For the year ended December 31, 2019, however, we have not identified a significant impact. See "*Risk factors—Risks related to our business—Our business is subject to various laws and regulations, including in relation to labor and employment, and changes in, or violations of, such laws or regulations may adversely affect our business, results of operations and financial condition*" for further information.

***Factors specific to our business***

*Operational improvement measures*

Our results are affected by operational improvement measures that we implement.

We have developed and continue to implement operating strategies designed to enhance profits. One of our most important competitive advantages has been our ability to use the purchasing power we have derived from our large size and our fully-integrated, automated warehouse and logistics systems. In recent years, we have strategically reduced the number of suppliers we use, concentrating larger volumes of purchases among fewer suppliers, which has enabled our CPU to negotiate better purchasing terms and conditions for the products that we distribute. We have also streamlined our state-of-the-art logistics platforms and distribution network to get products to our customers increasingly rapidly and cost effectively. As a result of these measures, we have significantly improved our cash flows from operating activities from continuing operations from €103.2 million for the year ended December 31, 2017, to €109.9 million for the year ended December 31, 2019. We intend to continue optimizing purchase conditions with our key suppliers. In addition, we intend to continue to integrate our upstream supply chain to increase our margins.

*Distribution network and branded garages*

Our local distribution model includes wholly-owned distributors and independent affiliated distributors. We had 31 wholly-owned distributors as of December 31, 2019. Conversions of wholly-owned distributors to independent affiliated distributors, and vice-versa, may have an impact on our profitability and, in addition, overhead costs are higher for administering the wholly-owned network of distributors as compared with the network of independent affiliated distributors.

Additionally, if our network of distributors, including both wholly-owned and independent affiliated distributors, were to shrink or expand, our revenue could be impacted. Similarly, many of our customers are garages, some of which are branded garages. We had entered into agreements with 3,673 branded garages as of December 31, 2019. Turnover in and maintenance or extension of our network of branded garages also has an impact on revenue. For example, if our network of branded garages were to shrink, we might generate lower revenue as a result. On the other hand, if our network of branded garages were to expand, it might generate higher revenue.

***Key factors affecting the comparability of our results of operations***

*COVID-19*

Our operating performance is subject to global economic and market conditions, including their impact on the global automotive industry. Although it is at this stage too early to predict the medium- to long-term effects of the pandemic on the markets in which we operate, the COVID-19 outbreak impacted our operational and financial performance for the three months ended March 31, 2020. For the month ended January 31, 2020, our sales increased by approximately 2.4% compared to the month ended January 31, 2019, and for the month ended February 29, 2020, our sales increased by approximately 5.8% compared to the month ended February 28, 2019. Our Adjusted EBITDA was approximately €12.9 million for the month ended January 31, 2020, and approximately €11.6 million for the month ended February 29, 2020. Our revenue reached €320.7 million (and €310.4 million excluding AD Bosch) for the two months ended February 29, 2020 as compared to €298.5 million for the two months ended February 28, 2019 (representing an organic growth of approximately 3.9% and an actual growth of approximately 7.3%), Adjusted EBITDA reached €24.5 million (and €23.4 million excluding AD Bosch) for the two months ended February 29, 2020 as compared to €20.1 million for the two months ended February 28, 2019 (representing an organic growth of approximately 15.9% and actual growth of approximately 21.6%) and a growth of approximately 6% in our Light Vehicle France for the two months ended February 29, 2020 as compared to the two months ended February 28, 2019. Our revenue and Adjusted EBITDA declined sharply in the second half of March 2020 and in April 2020 as a result of the lockdown measures implemented in the markets in which we operate. Despite the sharp drop in revenue and Adjusted EBITDA, we outperformed the market in terms of the trough in our performance during the lockdown (with a decline of 60% compared to a decline of 80% for the market in the last week of March 2020) and the pace of recovery, as we were less impacted than the market every single week of the lockdown.

Our revenue for the month ended March 31, 2020, decreased by 26.4% organically, compared to the month ended March 31, 2019. The impact of the COVID-19 outbreak on our operations in March 2020 limits the comparability of our results for the three months ended March 31, 2020, compared to the corresponding period in 2019. See "*Recent Developments—COVID-19 pandemic and recovery*" for additional information on the measures we implemented following the outbreak and our financial recovery in May and June 2020.

*Acquisitions and disposals*

We have historically pursued external growth through acquisitions in the past and intend to continue to seek opportunities for acquisitions in the future. During the periods under review, we have successfully acquired a number of businesses that are complementary to our existing operations, including:

- On March 22, 2017, we acquired Mondial Pare-Brise, a French windshield repair specialist, and a stake in Grup Eina, a Spanish company specialized in offering digital technical support and data management for vehicle repairmen;
- In 2017, we formed a joint company, Autodis Italia Holding S.r.l., with three distributors of light vehicle spare parts, OVAM, Top Car and Ricauto, making it the number two light vehicle spare part distributor in Italy. Autodis Italia Holding S.r.l. is a holding company and is a joint venture with certain managers of OVAM, Ricauto and Top Car. We hold 55% of the share capital and voting rights of Autodis Italia Holding S.r.l. and a call option for further shares of Autodis Italia Holding S.r.l., which may only be exercised starting from May 2020 and at a pre-agreed, fixed EBITDA acquisition multiple;

- On March 1, 2018, we acquired additional interests in Sarco, increasing our ownership from 49% to 100%;
- On March 31, 2018, we acquired 100% interests in Société Française d'Industrie Automobile ("SFIA"), a wholesale and retail light vehicle distributor in Epernay, in eastern France;
- On May 31, 2018, we acquired 100% interests in GPR Auto, a wholesale and retail light vehicle distributor in southern France;
- On May 31, 2018, we acquired 100% interests in Geevers, an independent distributor of light vehicle spare parts in Benelux;
- On May 31, 2018, OVAM acquired 100% interests in FGL Srl, an Italian distributor specialized in car body parts and lightning;
- On June 19, 2018, Autodis Italia Holding S.r.l. acquired 100% interests in G-Group, an independent spare parts distributor in Italy;
- On July 31, 2018, we acquired 100% interests in Vallespir Auto Diffusion S.à r.l., a wholesale and retail vehicle spare parts distributor in southern France;
- On October 1, 2018, we acquired 100% interests in Loire Pare-Brise a windshield repair specialist a subsidiary of Mondial Pare-Brise in France;
- On October 31, 2018, Doyen Auto Belgium S.A. acquired 100% interests in Verviers Freins, a multi-brand distributor of mechanical parts, bodywork, paint, tools and garage equipment in Belgium;
- On November 13, 2018, we acquired a 82.49% interest in Oscaro, the leading online seller of light vehicle spare parts in France;
- On August 5, 2019, we acquired a 75% interest in AD Bosch, the leading parts distributor in Catalonia;
- On September 30, 2019, General Auto, acquired 100% interests in Team Ricambi Srl, a wholesaler specialized in light vehicle and truck spare parts, and industrial components based in Italy;
- On September 30, 2019, Geevers acquired 100% interests in Loek Autoparts B.V., a distributor of collision repair parts in the Netherlands;
- On October 4, 2019, Truck & Car Services acquired 100% interests in Maillot Pièces Poids Lourds, a distributor in Eastern France; and
- On December 12, 2019, we acquired an additional 0.10% interest in AD Bosch and we hold a 75.1% stake in AD Bosch since that date.

Furthermore, in 2017, we decided to exit the Polish market by divesting our Polish subsidiary, AD Polska, to Rhiag Group. Following the disposal of AD Polska, it was classified as discontinued operations. In our consolidated income statements for the year ended December 31, 2017, AD Polska's net result is shown in the caption "Discontinued Operations." In our consolidated cash flow statements for the year ended December 31, 2017, AD Polska's cash flows from operations, investing and financing activities are shown in separate lines as discontinued operations.

These acquisitions have affected our results and limit the comparability of our results from period to period. These acquisitions as well as potential future acquisitions and disposals will continue to impact our results. By further participating in the industry-wide consolidation of our markets and integrating acquired entities into the Group, we believe that we can increase the purchasing power of our CPUs to negotiate better contractual terms with suppliers, thereby improving our margins. We believe we are well positioned to be a natural consolidator in the fragmented markets in which we operate, and we intend to continue to selectively pursue acquisitions to further expand our network in order to increase our market share and purchasing power, as well as, realize other economies of scale.

*Changes to Accounting Standards—IFRS 9—Financial instruments*

We adopted IFRS 9 on January 1, 2018, prospectively. The comparative periods presented have not been restated to reflect the potential impact. Under IFRS 9, we applied the simplified approach permitted thereby, which requires expected lifetime losses to be recognized at the initial recognition of the receivables. For receivables of our major customers, a probability-weighted estimate of credit losses is recognized based on each customer's credit ratings. For other receivables, a portfolio approach is applied to the extent they have similar credit risk characteristics and provision is recognized according to certain criteria based on days past due of the receivables and actual historical default rates. The impact of the first adoption of IFRS 9 on our consolidated statement of financial position as of January 1, 2018, is described in note 4.1.2 to the audited condensed consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2018.

*Changes to Accounting Standards—IFRS 16—Leases*

On January 13, 2016, the IASB published IFRS 16, and the European Union adopted IFRS 16 on November 9, 2017. We adopted IFRS 16 from January 1, 2019, which has an impact on our reported consolidated assets, liabilities, income statement and cash flow statement. We prepared our financial statements for the year ended December 31, 2019, under the modified retrospective approach pursuant to which comparative results are not restated. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, we have applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application. Accordingly, our results of operations for the year ended December 31, 2019 (which were prepared after the first application of IFRS 16) are limited in comparability to our results of operations for the year ended December 31, 2018 (which were prepared before the first application of IFRS 16).

The implementation of IFRS 16 resulted in an increase in total assets of €170.2 million and in total liabilities of €171.4 million, in each case as of January 1, 2019, and a rental costs impact on Adjusted EBITDA of €47.6 million for the year ended December 31, 2019.

*Changes to Accounting Standards—IFRIC 23—Uncertainty over income tax treatments*

In June 2017, the IFRS Interpretation Committee issued IFRIC 23, which clarifies the accounting treatment of uncertainties in income taxes, specifically in relation to taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

IFRIC 23 states that an entity should assume that the applicable taxation authority will have full knowledge of all relevant information when examining amounts reported to it. An entity therefore has to consider whether it is probable that the applicable authority will accept a certain tax treatment in the entity's income tax filing and either adopt an approach consistent with the tax treatment in its income tax filings or use the expected value of the tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates.

IFRIC 23 is applicable for annual reporting periods beginning on or after January 1, 2019 with early adoption permitted. In adopting IFRIC 23, we applied a modified retrospective approach whereby the cumulative effect of initially applying IFRIC 23, if any, should be recognized in opening equity at the date of initial application. As part of our adoption of IFRIC 23, we have identified an additional €0.8 million of additional deferred tax liabilities as of December 31, 2019.

## Explanation of key income statement line items

The following is a brief description of the revenue and expenses that are included in the line items of our income statement.

### *Revenue*

Revenue is recognized when we satisfy a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that asset. Revenue can be broken down as follows:

- *Sales revenue through our logistics platforms*: We distribute spare parts for light vehicles and trucks, based on a highly sophisticated distribution system that requires significant investments in logistics.
- *Direct flow sales commission*: We also sell spare parts, equipment and tools that are delivered directly by suppliers to independent distributors and do not pass through our logistics platforms. When such third-party suppliers other than us are involved in providing goods to a customer, we assess whether the nature of our promise to the customer is a performance obligation to provide the specified goods itself

or to arrange for the suppliers to provide those goods or services. We are considered an agent if our performance obligation is to arrange for the provision of goods by the suppliers and revenue is recognized for the amount of any commission to which we expect to be entitled in exchange for arranging for suppliers to provide our goods. The commission revenue recognized corresponds to the difference between the consideration received from the customer less the consideration due to the supplier that provided the goods. Where direct delivery is made by suppliers to independent distributors, we are invoiced by suppliers and then invoice such distributors. Related payment flows are processed by us.

***Cost of goods sold***

Cost of goods sold includes purchases of goods, supplier rebates, change in inventories and net allocation to inventories depreciation.

***Personnel costs***

Personnel costs include wages, social security contributions, profit-sharing plans and pension costs. Pension costs include the allocation to provisions for retirement benefits for the year as well as the reversal of provisions as a result of benefits paid during the year.

***External expenses***

External expenses relate to non-direct operating costs, including rental expenses (including under IFRS 16), shipping expenses, maintenance and repair costs, legal and other fees, IT expenses, advertising expenses, subcontracting costs, travelling and other expenses.

***Taxes other than income taxes***

Taxes other than income taxes include taxes on salaries (mainly taxes in respect of vocational training), the social construction tax (*Participation à l'effort de construction*), the real estate business contribution (*Cotisation foncière des entreprises*), the social solidarity contribution (*Contribution sociale de solidarité des sociétés, a tax calculated based on a percentage of revenue*) and other taxes other than income tax.

***Other operating income and expenses***

Other operating income and expenses include other items related to our ordinary activities, such as losses for doubtful accounts and service fees related to B2B websites for electronic catalogs, and commissions paid and received as part of the service connecting insurers and vehicle repairers.

***Depreciation/amortization expenses***

Depreciation expenses represent the depreciation of property, plant and equipment and right of use following the application of IFRS 16. Amortization relates to intangible assets, excluding goodwill and brands, such as AD. Assets are depreciated over their estimated useful lives.

***Other income and expenses from operations***

Other income and expenses from operations generally relate to one-off events or other events outside of our ordinary business. Other income and expenses from operations can include gains and losses on the disposal of operations, of property, plant and equipment and intangible assets, as well as costs relating to provisions and expenses relating to significant and unusual restructuring, employee and tax disputes and impairment losses/ reversals on goodwill and brands, including AD and costs related to major acquisitions and to our previously contemplated initial public offering.

***Financial income and expenses***

Financial income includes income from financial investments, foreign exchange gains and other financial income. Financial expenses include interest on external loans and bank overdrafts payable by us, discounting of borrowings and debt, expenses related to financial instruments and to finance leases, foreign exchange losses and other financial expenses.

### *Income tax*

Income taxes consist of current tax expense, CVAE (*Cotisation sur la Valeur Ajoutée des Entreprises*) and changes in deferred tax assets.

## Description of other key financial indicators

### *Adjusted EBITDA*

"Adjusted EBITDA" is defined as operating income from ordinary activities before depreciation and amortization expenses adjusted for certain items that we consider to be non-recurring or exceptional in nature, or otherwise not reflective of the ongoing performance of our business including start-up costs related to new businesses, income and expenses attributable to the implementation of our transformation plan, fees paid to our shareholders and exceptional one-off expenses related to professional conferences and as further adjusted to eliminate the impact of IFRS 16 for the year ended December 31, 2019 and the three months ended March 31, 2019 and 2020. See the table set forth in "*Summary—Summary consolidated financial and other information*" for a reconciliation of operating income from ordinary activities and Adjusted EBITDA to net income/(loss) from continuing operations for the three months ended March 31, 2019 and 2020, and the years ended December 31, 2017, December 31, 2018 and December 31, 2019.

## Segment reporting

Throughout this Offering Memorandum, we present our financial results by segment. These segments correspond to the Parent Guarantor's reporting segments in accordance with IFRS 8 "Operating Segments." Our operating segments consist of the following:

- *Light Vehicle France* segment, which includes the activities of:
  - (i) the CPUs dedicated to the supply of spare parts for Light Vehicle France to both our wholly-owned distributors and our network of affiliated independent distributors;
  - (ii) Logisteo, a central automated warehouse from which spare parts for Light Vehicle France are distributed, the other parts being supplied directly by the suppliers;
  - (iii) Cora, a logistics platform in France for spare parts for light vehicles, specialized in the body parts business;
  - (iv) ACR, a logistical platform for spare parts for light vehicles, with a strong exposure to online dealers;
  - (v) Mondial Pare-Brise, a specialist in the repair and replacement of windshields in France, acquired in 2017;
  - (vi) our network of wholly-owned distributors in France, who sell light vehicle spare parts to garages that provide repair and maintenance services for light vehicles; and
  - (vii) headquarters costs attributable to the Light Vehicle France segment.
- *Trucks* segment, which includes the activities of:
  - (i) the CPUs, which are dedicated to the supply of spare parts for trucks to both our wholly-owned distributors and our network of affiliated independent distributors;
  - (ii) Bremstar, a national platform for trucks;
  - (iii) our network of wholly-owned distributors in France selling spare parts for trucks to garages that provide repair and maintenance services; and
  - (iv) headquarters costs attributable to the Trucks segment.
- *Light Vehicle International* segment, which includes the activities of:
  - (i) the Doyen Auto Group, which distributes light vehicle spare parts to various customers, including web dealers;
  - (ii) Autodis Italia, which owns several acquired Italian companies (including G-Group acquired in June 2018);
  - (iii) Geevers, since June 2018;

(iv) Verviers Freins, which distributes mechanical parts, bodywork, paint, tools and garage equipment in Belgium, since October 2018; and

(v) AD Bosch, since August 2019.

- *Digital B2C* segment, which includes the activities of:

  (i) Oscaro, an online automotive spare parts retailer, since November 2018.

Our operations in Poland, sold in August 2017, have not been included in the Light Vehicle International segment since the disposal thereof and are accounted for as discontinued operations in the financial statements presented in this Offering Memorandum.

**Results of operations**

The table below sets forth our results of operations for the years ended December 31, 2017, 2018 and 2019, and for the three months ended March 31, 2020, compared to the three months ended March 31, 2019.

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| **(€ in millions)** | **2017** | **2018** | **2019** | **2019** | **2020** |
| **Revenue** | **1,254.8** | **1,465.8** | **1,797.4** | **451.2** | **436.7** |
| Cost of goods sold | (699.5) | (844.2) | (1,037.6) | (263.7) | (254.1) |
| Personnel costs | (276.0) | (306.9) | (361.6) | (89.3) | (90.3) |
| External expenses | (166.2) | (193.8) | (209.2) | (55.1) | (52.6) |
| Taxes other than income taxes | (11.1) | (11.3) | (12.3) | (5.5) | (6.1) |
| Other operating income and expenses | 5.5 | 3.1 | 3.0 | (0.4) | (0.8) |
| Depreciation and amortization expenses | (29.8) | (39.4) | (95.0) | (22.8) | (23.3) |
| **Operating income from ordinary activities** | **77.8** | **73.5** | **84.7** | **14.4** | **9.4** |
| Other income from operations | 0.7 | 0.8 | — | — | — |
| Other expenses from operations | (13.4) | (15.4) | (9.0) | (1.2) | (0.4) |
| **Operating income** | **65.1** | **58.8** | **75.7** | **13.2** | **9.0** |
| Financial income | 4.3 | 1.5 | 1.1 | 0.2 | 0.1 |
| Financial expenses | (31.2) | (44.0) | (57.9) | (14.3) | (14.4) |
| Share of net income of equity method investees | (0.3) | — | — | — | — |
| **Income before tax** | **37.9** | **16.3** | **18.9** | **(0.9)** | **(5.3)** |
| Income taxes | (5.4) | (12.6) | (2.2) | (3.1) | (2.1) |
| **Net income from continuing operations** | **32.6** | **3.7** | **16.7** | **(4.0)** | **(7.4)** |
| Net income from discontinued operations | (1.3) | — | — | — | — |
| **Net income** | **31.3** | **3.7** | **16.7** | **(4.0)** | **(7.4)** |

The table below presents our revenue by segment for the years ended December 31, 2017, 2018 and 2019, and for the three months ended March 31, 2020, compared to the three months ended March 31, 2019.

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| **(€ in millions)** | **2017** | **2018** | **2019** | **2019** | **2020** |
| **Revenue** | **1,254.8** | **1,465.8** | **1,797.4** | **451.2** | **436.7** |
| *of which Light Vehicles France* | 855.1 | 902.7 | 910.7 | 230.4 | 215.7 |
| *of which Trucks* | 157.6 | 168.2 | 165.4 | 43.6 | 40.0 |
| *of which Light Vehicle International* | 242.1 | 368.9 | 461.5 | 111.4 | 117.2 |
| *of which Digital B2C* | — | 26.0 | 259.8 | 65.8 | 63.8 |

***Three months ended March 31, 2020, compared to three months ended March 31, 2019***

The table below sets forth our results of operations for the three months ended March 31, 2020, compared to the three months ended March 31, 2019.

| (€ in millions, except for % and bps) | Three months ended March 31, 2019 | Three months ended March 31, 2020 | Amount of change | % change |
|---|---|---|---|---|
| **Revenue** | **451.2** | **436.7** | **(14.5)** | **(3.2)%** |
| Cost of goods sold | (263.7) | (254.1) | 9.6 | (3.6)% |
| Personnel costs | (89.3) | (90.3) | (1.0) | 1.1% |
| External expenses | (55.1) | (52.6) | 2.5 | (4.5)% |
| Taxes other than income taxes | (5.5) | (6.1) | (0.6) | 10.9% |
| Other operating income and expenses | (0.4) | (0.8) | (0.4) | (100)% |
| Depreciation and amortization expenses | (22.8) | (23.3) | (0.5) | 2.2% |
| **Operating income from ordinary activities** | **14.4** | **9.4** | **(5.0)** | **(34.7)%** |
| Other income from operations | — | — | — | — |
| Other expenses from operations | (1.2) | (0.4) | 0.8 | 66.7% |
| **Operating income** | **13.2** | **9.0** | **(4.2)** | **(31.8)%** |
| Financial income | 0.2 | 0.1 | (0.1) | (50.0)% |
| Financial expenses | (14.3) | (14.4) | (0.1) | (0.7)% |
| Share of net income of equity method investees | — | — | — | — |
| **Income before tax** | **(0.9)** | **(5.3)** | **(4.4)** | **(488.9)%** |
| Income taxes | (3.1) | (2.1) | 1.0 | (32.3)% |
| **Net income from continuing operations** | **(4.0)** | **(7.4)** | **(3.4)** | **(85.0)%** |
| Net income from discontinued operations | — | — | — | — |
| **Net income** | **(4.0)** | **(7.4)** | **(3.4)** | **(85.0)%** |

*Revenue*

The table below presents our revenue by segment for the three months ended March 31, 2020, compared to the three months ended March 31, 2019.

| (€ in millions, except for % and bps) | Three months ended March 31, 2019 | Three months ended March 31, 2020 | Amount of change | % change |
|---|---|---|---|---|
| **Revenue** | **451.2** | **436.7** | **(14.5)** | **(3.2)%** |
| *of which Light Vehicle France* | 230.4 | 215.7 | (14.7) | (6.3)% |
| *of which Trucks* | 43.6 | 40.0 | (3.6) | (8.3)% |
| *of which Light Vehicle International* | 111.4 | 117.2 | 5.8 | 5.2% |
| *of which Digital B2C* | 65.8 | 63.8 | (2.0) | (3.1)% |

Revenue decreased by €14.5 million, or 3.2%, from €451.2 million for the three months ended March 31, 2019, to €436.7 million for the three months ended March 31, 2020, primarily due to the impact of the COVID-19 outbreak in March 2020. This decrease was partly offset by (i) the revenue contribution of AD Bosch, which we acquired in August 2019, and (ii) an increase in sales for the two months ended February 28, 2020.

- Light Vehicle France: Light Vehicle France revenue decreased by €14.7 million, or 6.3%, from €230.4 million for the three months ended March 31, 2019, to €215.7 million for the three months ended March 31, 2020, primarily due to a decrease of €22.9 million in sales in March 2020 due to the impact of the COVID-19 outbreak. This decrease was partly offset by an increase in sales by €8.9 million for the two months ended February 28, 2020.

- Trucks: Trucks revenue decreased by €3.6 million, or 8.3%, from €43.6 million for the three months ended March 31, 2019, to €40.0 million for the three months ended March 31, 2020, primarily due to lower sales in March 2020 due to the impact of the COVID-19 outbreak.

- Light Vehicle International: Light Vehicle International revenue increased by €5.8 million, or 5.2%, from €111.4 million for the three months ended March 31, 2019, to €117.2 million for the three months ended March 31, 2020, mainly due to (i) the acquisition of AD Bosch in Spain, which generated €13.8 million of revenue for the three months ended March 31, 2020, and (ii) an increase in sales of €1.5 million for the two months ended February 28, 2020, partly offset by a decrease in sales of our mechanical parts business in Belgium and Italy in March 2020 by €9.6 million, largely due to the impact of the COVID-19 outbreak. The Benelux body parts activity remained stable given that the Netherlands did not implement a strict lockdown.
- Digital B2C: Digital B2C revenue decreased by €2.0 million, or 3.1%, from €65.8 million for the three months ended March 31, 2019, to €63.8 million for the three months ended March 31, 2020, primarily due to a decrease in sales of €3.6 million in March 2020 following the COVID-19 outbreak. This decrease was partly offset by the lower impact of lockdown in France on this segment.

*Cost of goods sold*

Cost of goods sold decreased by €9.6 million, or 3.6%, from €263.7 million for the three months ended March 31, 2019, to €254.1 million for the three months ended March 31, 2020, primarily due to a reduction in the volume of sales and purchases in March 2020 following the COVID-19 outbreak. Cost of goods sold increased by 4.7 % between the two months ended February 29, 2020 and February 28, 2019, which is in line with the sales increase.

As a percentage of revenue, cost of goods sold remained stable at 58.4% for the three months ended March 31, 2019, and 58.2% for the three months ended March 31, 2020.

*Personnel costs*

Personnel costs increased by €1.0 million, or 1.1%, from €89.3 million for the three months ended March 31, 2019, to €90.3 million for the three months ended March 31, 2020, primarily due to the integration of AD Bosch.

As a percentage of revenue, personnel costs increased from 19.8% for the three months ended March 31, 2019, to 20.7% for the three months ended March 31, 2020, primarily due to the effect of the acquisition of AD Bosch, which had a higher personnel cost base than the Group's average personnel cost base for the three months ended March 31, 2020.

*External expenses*

External expenses decreased by €2.5 million, or 4.5%, from €55.1 million for the three months ended March 31, 2019, to €52.6 million for the three months ended March 31, 2020, primarily due to lower expenses and other fees, such as legal fees, which decreased by €2.9 million as a result of the one-off expenses incurred in connection with the plan we implemented in 2019 with respect to the integration of Oscaro.

As a percentage of revenue, external expenses decreased from 12.2% for the three months ended March 31, 2019, to 12.0% for the three months ended March 31, 2020, primarily due to the effect of the acquisition of AD Bosch, which had lower external expenses than the Group's average.

*Taxes other than income taxes*

Taxes other than income taxes increased by €0.6 million, or 10.9%, from €5.5 million for the three months ended March 31, 2019, to €6.1 million for the three months ended March 31, 2020.

*Other operating income and expenses*

Other operating income and expenses decreased by €0.4 million from an expense of €0.4 million for the three months ended March 31, 2019, to an expense of €0.8 million for the three months ended March 31, 2020.

*Depreciation and amortization expenses*

The table below sets out our depreciation and amortization expenses for the three months ended March 31, 2020, compared to the three months ended March 31, 2019.

| (€ in millions, except for % and bps) | Three months ended March 31, 2019 | Three months ended March 31, 2020 | Amount of change | % change |
|---|---|---|---|---|
| Amortization expenses on customer relationships of acquired companies | (4.2) | (3.1) | 1.1 | (26.2)% |
| Amortization expenses on other intangible assets | (3.1) | (3.2) | (0.1) | 3.2% |
| Property, plant and equipment depreciation expenses | (15.5) | (16.9) | (1.4) | 9.0% |
| **Depreciation and amortization expenses** | **(22.8)** | **(23.3)** | **(0.5)** | **2.2%** |

Amortization expenses on customer relationships of acquired companies decreased by €1.1 million, from €4.2 million for the three months ended March 31, 2019, to €3.1 million for the three months ended March 31, 2020, mainly impacted by the amortization of the customer relationships of Loire Pare-Brise and of smaller local businesses in the context of local business combinations.

Amortization expenses on other intangible assets increased by €0.1 million, or 3.2%, from €3.1 million for the three months ended March 31, 2019, to €3.2 million for the three months ended March 31, 2020. Property, plant and equipment depreciation expenses increased by €1.4 million, or 9.0%, from €15.5 million for the three months ended March 31, 2019, to €16.9 million for the three months ended March 31, 2020, mainly due to the effect of the acquisition of AD Bosch, which increased the amount of depreciation expenses.

*Operating income from ordinary activities*

As a result of the factors described above, our operating income from ordinary activities decreased by €3.0 million, or 20.8%, from €14.4 million for the three months ended March 31, 2019, to €11.4 million for the three months ended March 31, 2020.

*Adjusted EBITDA*

The table below presents our Adjusted EBITDA by segment for the three months ended March 31, 2020, compared to the three months ended March 31, 2019.

| (€ in millions, except for % and bps) | Three months ended March 31, 2019 | Three months ended March 31, 2020 | Amount of change | % change |
|---|---|---|---|---|
| **Adjusted EBITDA** | **31.4** | **26.3** | **(5.1)** | **(16.2)%** |
| **Adjusted EBITDA margin** | **7.0%** | **6.0%** | **(100) bps** | **—** |
| Adjusted EBITDA Light Vehicle France | 28.3 | 22.3 | (6.0) | (21.2)% |
| Adjusted EBITDA margin Light Vehicle France | 12.3% | 10.3% | (200) bps | — |
| Adjusted EBITDA Trucks | 0.8 | 0 | (0.8) | (100)% |
| Adjusted EBITDA margin Trucks | 1.8% | — | (180) bps | — |
| Adjusted EBITDA Light Vehicle International | 8.3 | 7.3 | (1.0) | (12.0)% |
| Adjusted EBITDA margin Light Vehicle International | 7.5% | 6.2% | (130) bps | — |
| Adjusted EBITDA Digital B2C | (2.7) | 0.4 | 3.1 | 114.8% |
| Adjusted EBITDA margin Digital B2C | (4.1)% | 0.6% | 470 bps | — |
| Adjusted EBITDA Headquarters | (3.3) | (3.7) | (0.4) | (12.1)% |

Adjusted EBITDA decreased by €5.1 million, or 16.2%, from €31.4 million for the three months ended March 31, 2019, to €26.3 million for the three months ended March 31, 2020, mainly due to a decrease in Adjusted EBITDA in our Light Vehicle France and Light Vehicle International segments, partly offset by an increase in our Digital B2C segment.

- Light Vehicle France: The Adjusted EBITDA of our Light Vehicle France segment decreased by €6.0 million, or 21.2%, from €28.3 million for the three months ended March 31, 2019, to €22.3 million for the three months ended March 31, 2020, and the Adjusted EBITDA margin of our Light Vehicle France segment decreased from 12.3% for the three months ended March 31, 2019, to

10.3% for the three months ended March 31, 2020, primarily due to a €7.8 million decrease in Adjusted EBITDA in March 2020 due to the impact of the COVID-19 outbreak, which was partly offset by a €1.8 million increase in Adjusted EBITDA for the two months ended February 28, 2020.

- Trucks: The Adjusted EBITDA of our Trucks segment decreased by €0.8 million, from €0.8 million for the three months ended March 31, 2019, to nil for the three months ended March 31, 2020 and the Adjusted EBITDA margin of our Trucks segment decreased from 1.8% for the three months ended March 31, 2019, to 0% for the three months ended March 31, 2020, primarily due to the lower sales volume and related margins in March 2020 due to the impact the COVID-19 outbreak.
- Light Vehicle International: The Adjusted EBITDA of the Light Vehicle International segment decreased by €1.0 million, from €8.3 million for the three months ended March 31, 2019, to €7.3 million for the three months ended March 31, 2020, and the Adjusted EBITDA margin of the Light Vehicle International segment decreased from 7.5% for the three months ended March 31, 2019, to 6.2% for the three months ended March 31, 2020, primarily due to a €1.3 million decrease in Adjusted EBITDA due to the impact of the COVID-19 outbreak in Italy. This decrease was partly offset by a €0.7 million increase in Adjusted EBITDA as a result of the acquisition of AD Bosch in Spain.
- Digital B2C: The Adjusted EBITDA of our Digital B2C segment increased by €3.1 million, from €(2.7) million for the three months ended March 31, 2019, to €0.4 million for the three months ended March 31, 2020, and the Adjusted EBITDA margin of the Digital B2C segment increased from (4.1)% for the three months ended March 31, 2019, to 0.6% for the three months ended March 31, 2020, primarily due to the positive impact in 2019 of the turnaround plan we implemented with respect to Oscaro, partly offset by a decrease in Adjusted EBITDA following the COVID-19 outbreak.
- Headquarters: The Adjusted EBITDA of our Headquarters function decreased by €0.4 million, or 12.1%, from €(3.3) million for the three months ended March 31, 2019, to €(3.7) million for the three months ended March 31, 2020, primarily due to our decision to strengthen our central functions to support our development.

*Other expenses from operations*

Other expenses from operations decreased by €0.8 million, from €1.2 million for the three months ended March 31, 2019, to €0.4 million for the three months ended March 31, 2020, primarily due to (i) a decrease in acquisition fees from €0.7 million for the three months period ended March 31, 2019 to €0.4 million for the three months period ended March 31, 2020 and (ii) a decrease of €0.5 million of IT transformation costs, from €0.5 million for the three months period ended March 31, 2019 to nil for the three months period ended March 31, 2020, as a result of a reduction in investments following the COVID-19 outbreak.

*Net financial results*

| (€ in millions, except for % and bps) | Three months ended March 31, 2019 | Three months ended March 31, 2020 | Amount of change | % change |
|---|---|---|---|---|
| Financial income | 0.2 | 0.1 | (0.1) | (50.0)% |
| Financial expenses | (14.3) | (14.4) | (0.1) | 0.7% |
| **Net financial expense** | **(14.1)** | **(14.3)** | **(0.2)** | **1.4%** |

Net financial expense increased by €0.2 million, from €14.1 million for the three months ended March 31, 2019, to €14.3 million for the three months ended March 31, 2020, primarily due to higher interest costs related to the fifty-four months extension of our Revolving Credit Facility.

*Income taxes*

For the three months ended March 31, 2020, income taxes remained fairly stable between the two periods and comprised CVAE of €1.2 million (compared to €1.5 million in for the three months ended March 31, 2019), a current income tax expense of €0.5 million (compared to a €0.6 million current income tax expense for the three months ended March 31, 2019) and a deferred tax expense of €0.4 million (compared to a deferred tax expense of €0.9 million for the three months ended March 31, 2019).

*Net income*

As a result of the factors described above, our net income decreased by €1.4 million, or 35.0%, from a net loss of €4.0 million for the three months ended March 31, 2019, to a net loss of €5.4 million for the three months ended March 31, 2020.

***Year ended December 31, 2019, compared to year ended December 31, 2018***

| (€ in millions, except for % and bps) | Year ended December 31, 2018 | 2019 | Amount of change | % change |
|---|---|---|---|---|
| **Revenue** | **1,465.8** | **1,797.4** | **331.6** | **22.6%** |
| Cost of goods sold | (844.2) | (1,037.6) | (193.4) | 22.9% |
| Personnel costs | (306.9) | (361.6) | (54.7) | 17.8% |
| External expenses | (193.8) | (209.2) | (15.4) | 7.9% |
| Taxes other than income taxes | (11.3) | (12.3) | (1.0) | 8.8% |
| Other operating income and expenses | 3.1 | 3.0 | (0.1) | (3.2)% |
| Depreciation and amortization expenses | (39.4) | (95.0) | (55.6) | 141.1% |
| **Operating income from ordinary activities** | **73.5** | **84.7** | **11.2** | **15.2%** |
| Other income from operations | 0.8 | — | (0.8) | (100.0)% |
| Other expenses from operations | (15.4) | (9.0) | 6.4 | (41.6)% |
| **Operating income** | **58.8** | **75.7** | **16.9** | **28.7%** |
| Financial income | 1.5 | 1.1 | (0.4) | (26.7)% |
| Financial expenses | (44.0) | (57.9) | (13.9) | 31.6% |
| Share of net income of equity method investees | — | — | — | — |
| **Income before tax** | **16.3** | **18.9** | **2.6** | **16.0%** |
| Income taxes | (12.6) | (2.2) | 10.4 | (82.5)% |
| **Net income from continuing operations** | **3.7** | **16.7** | **13.0** | **351.4%** |
| Net income from discontinued operations | — | — | — | — |
| **Net income** | **3.7** | **16.7** | **13.0** | **351.4%** |

*Revenue*

The table below presents our revenue by segment for the year ended December 31, 2019, compared to the year ended December 31, 2018.

| (€ in millions, except for % and bps) | Year ended December 31, 2018 | 2019 | Amount of change | % change |
|---|---|---|---|---|
| **Revenue** | **1,465.8** | **1,797.4** | **331.6** | **22.6%** |
| *of which Light Vehicle France* | 902.7 | 910.7 | 8.0 | 0.9% |
| *of which Trucks* | 168.2 | 165.4 | (2.8) | (1.7)% |
| *of which Light Vehicle International* | 368.9 | 461.5 | 92.6 | 25.1% |
| *of which Digital B2C* | 26.0 | 259.8 | 233.8 | 899.2% |

Revenue increased by €331.6 million, or 22.6%, from €1,465.8 million for the year ended December 31, 2018, to €1,797.4 million for the year ended December 31, 2019, mainly due to the expansion of operations through acquisitions in France, Benelux and Italy.

- Light Vehicle France: Light Vehicle France revenue increased by €8.0 million, or 0.9%, from €902.7 million for the year ended December 31, 2018, to €910.7 million for the year ended December 31, 2019, primarily due to (i) the full-year effect of 2018 acquisitions of Vallespir Auto Diffusion S., GRP Auto and SFIA, (ii) organic growth generated by gains in market shares mainly as a result of higher activity from Affiliated Distributors and an increase in our CPU revenue due to an increase in the volume of sales made through our automated Logisteo platform and (iii) the strengthening of the Mondial Pare-Brise network due to the acquisition of Loire Pare-Brise, a windshield repair specialist operating under the Mondial Pare-Brise brand.

- Trucks: Trucks revenue decreased by €2.8 million, or 1.7%, from €168.2 million for the year ended December 31, 2018, to €165.4 million for the year ended December 31, 2019, primarily due to a reduction in revenue from Affiliated Distributors, partly offset by the increase in sales made through our platform Bremstar.
- Light Vehicle International: Light Vehicle International revenue increased by €92.6 million, or 25.1%, from €368.9 million for the year ended December 31, 2018, to €461.5 million for the year ended December 31, 2019, mainly due to (i) the full-year effect of the 2018 acquisitions in Italy (FGL srl and G-Group), the Netherlands (Geevers) and Belgium (Vervier Freins) and the acquisition of AD Bosch in 2019, based in Spain and (ii) the increase in 2019 of the sales of Doyen Group to Autodoc, a web dealer positioned in western Europe.
- Digital B2C: Digital B2C revenue was €259.8 million for the year ended December 31, 2019, primarily due to the full-year effect of the 2018 acquisition of Oscaro and the implementation of our turnaround plan.

*Cost of goods sold*

Cost of goods sold increased by €193.4 million, or 22.9%, from €844.2 million for the year ended December 31, 2018, to €1,037.6 million for the year ended December 31, 2019, primarily due to higher sales volume as a result of both acquisitions and organic growth.

As a percentage of revenue, cost of goods sold remained fairly stable at 57.6% for the year ended December 31, 2018, and 57.7% for the year ended December 31, 2019.

*Personnel costs*

Personnel costs increased by €54.7 million, or 17.8%, from €306.9 million for the year ended December 31, 2018, to €361.6 million for the year ended December 31, 2019, mainly due to the integration of Oscaro, Vervier Freins, Geevers and AD Bosch.

As a percentage of revenue, personnel costs decreased from 20.9% for the year ended December 31, 2018, to 20.1% for the year ended December 31, 2019. This slight decrease as a percentage of revenue was mainly due to the increase in revenue between the two periods.

*External expenses*

External expenses increased by €15.4 million, or 7.9%, from €193.8 million for the year ended December 31, 2018, to €209.2 million for the year ended December 31, 2019, mainly due to (i) an increase in transportation expenses for €26.9 million, subcontracting expenses for €9.9 million resulting from the full-year effect of the acquisition of Oscaro, G-Group, Geevers, Verviers Freins in 2018, (ii) partly offset by a decrease in rental expenses of €39.5 million between 2018 and 2019 due to the impact of the adoption of IFRS 16 in 2019.

As a percentage of revenue, external expenses decreased from 13.2% for the year ended December 31, 2018, to 11.6% for the year ended December 31, 2019, mainly due to the full-year effect of the acquisition of Oscaro partly offset by the impact of IFRS 16 in 2019.

*Taxes other than income taxes*

Taxes other than income taxes increased by €1.0 million, or 8.8%, from €11.3 million for the year ended December 31, 2018, to €12.3 million for the year ended December 31, 2019.

*Other operating income and expenses*

Other operating income and expenses decreased by €0.1 million, or 3.2%, from an income of €3.1 million for the year ended December 31, 2018, to an income of €3.0 million for the year ended December 31, 2019.

*Depreciation and amortization expenses*

The table below sets out our depreciation and amortization expenses for the year ended December 31, 2019, compared to the year ended December 31, 2018.

| (€ in millions, except for % and bps) | Year ended December 31, 2018 | Year ended December 31, 2019 | Amount of change | % change |
|---|---|---|---|---|
| Amortization expenses on customer relationships of acquired companies | (12.8) | (15.7) | (2.9) | 22.7% |
| Amortization expenses on other intangible assets | (8.7) | (13.0) | (4.3) | 49.4% |
| Property, plant and equipment depreciation expenses | (17.9) | (21.8) | (3.9) | 21.8% |
| Right of use depreciation (IFRS 16) | — | (44.5) | (44.5) | — |
| **Depreciation and amortization expenses** | **(39.4)** | **(95.0)** | **(55.6)** | **141.1%** |

Amortization expenses on customer relationships of acquired companies increased by €2.9 million, from €12.8 million for the year ended December 31, 2018, to €15.7 million for the year ended December 31, 2019, mainly impacted by the amortization of the customer relationships of Oscaro in the context of the business combinations.

Amortization expenses on other intangible assets increased by €4.3 million, or 49.4%, from €8.7 million for the year ended December 31, 2018, to €13.0 million for the year ended December 31, 2019 and property, plant and equipment depreciation expenses increased by €3.9 million, or 21.8%, from €17.9 million for the year ended December 31, 2018, to €21.8 million for the year ended December 31, 2019, mainly due to the full-year effect of the acquisition of Oscaro which increased the amount of depreciation and amortization expenses.

*Operating income from ordinary activities*

As a result of the factors described above, our operating income from ordinary activities increased by €11.2 million, or 15.2%, from €73.5 million for the year ended December 31, 2018, to €84.7 million for the year ended December 31, 2019.

*Adjusted EBITDA*

The table below presents our Adjusted EBITDA by segment for the year ended December 31, 2019, compared to the year ended December 31, 2018.

| (€ in millions, except for % and bps) | Year ended December 31, 2018 | Year ended December 31, 2019 | Amount of change | % change |
|---|---|---|---|---|
| **Adjusted EBITDA** | **128.1** | **154.4** | **26.3** | **20.5%** |
| **Adjusted EBITDA margin** | **8.7%** | **8.6%** | **(10) bps** | **—** |
| Adjusted EBITDA Light Vehicle France | 112.6 | 121.6 | 9.0 | 8.0% |
| Adjusted EBITDA margin Light Vehicle France | 12.5% | 13.4% | 90 bps | — |
| Adjusted EBITDA Trucks | 4.2 | 5.6 | 1.4 | 33.3% |
| Adjusted EBITDA margin Trucks | 2.5% | 3.4% | 90 bps | — |
| Adjusted EBITDA Light Vehicle International | 29.8 | 37.9 | 8.1 | 27.2% |
| Adjusted EBITDA margin Light Vehicle International | 8.1% | 8.2% | 10 bps | — |
| Adjusted EBITDA Digital B2C | (6.1) | 2.9 | 9.0 | 147.5% |
| Adjusted EBITDA margin Digital B2C | — | 1.1% | 1100 bps | — |
| Adjusted EBITDA Headquarters | (12.4) | (13.6) | (1.2) | (9.7)% |

Adjusted EBITDA increased by €26.3 million, or 20.5%, from €128.1 million for the year ended December 31, 2018, to €154.4 million for the year ended December 31, 2019, primarily due to an increase in Adjusted EBITDA in our Light Vehicle France, Digital B2C and Light Vehicle International segments and to, a lesser extent, on Trucks segment.

- Light Vehicle France: The Adjusted EBITDA of the Light Vehicle France segment increased by €9.0 million, or 8.0%, from €112.6 million for the year ended December 31, 2018, to €121.6 million for the year ended December 31, 2019 and the Adjusted EBITDA margin of the Light Vehicle France segment of our Light Vehicle France segment remained fairly stable at 8.7% for the year ended December 31, 2018, and 8.6% for the year ended December 31, 2019, primarily due to (i) the good performance of the body parts platform, as a result of both a higher activity and lower shipping costs linked to our collaboration with a new shipping partner in 2019, (ii) a higher mechanical parts activity in 2019 and (iii) an increase in our CPU revenue through our automated Logisteo platform, as a result of the higher rebates granted to the customers.

- Trucks: The Adjusted EBITDA of our Trucks segment increased by €1.4 million, from €4.2 million for the year ended December 31, 2018, to €5.6 million for the year ended December 31, 2019 and the Adjusted EBITDA margin of our Trucks segment increased from 2.5% for the year ended December 31, 2018, to 3.4% for the year ended December 31, 2019, primarily due to adjustments in sales prices, as a result of our effort to generate higher net margins.
- Light Vehicle International: The Adjusted EBITDA of the Light Vehicle International segment increased by €8.1 million, from €29.8 million for the year ended December 31, 2018, to €37.9 million for the year ended December 31, 2019 and the Adjusted EBITDA margin of the Light Vehicle International segment increased from 8.1% for the year ended December 31, 2018, to 8.2% for the year ended December 31, 2019, primarily due to the effect of the acquisitions in Benelux, Italy and Spain and higher purchasing synergies in Italy.
- Digital B2C: The Adjusted EBITDA of the Digital B2C segment was €2.9 million for the year ended December 31, 2019 and the Adjusted EBITDA margin of the Digital B2C segment was 1.1% for the year ended December 31, 2019 primarily due to the positive effects in 2019 of the implementation of our turnaround plan with respect to Oscaro.
- Headquarters: The Adjusted EBITDA of our Headquarters function decreased by €1.2 million, or 9.7%, from €(12.4) million for the year ended December 31, 2018, to €(13.6) million for the year ended December 31, 2019, primarily due to our decision to strengthen our central functions to support our development.

*Other income from operations*

Other income from operations decreased by €0.8 million, or 100.0%, from €0.8 million for the year ended December 31, 2018, to nil million for the year ended December 31, 2019, primarily due to the one-off reimbursement received in 2018 related to an insurance claim for a fire accident of one of our platform sites, which amounted to €0.6 million.

*Other expenses from operations*

Other expenses from operations decreased by €6.4 million, from €15.4 million for the year ended December 31, 2018, to €9.0 million for the year ended December 31, 2019, primarily due to the one-off expense of €7.9 million incurred in connection with the IPO project we undertook in 2018, partly offset by an increase in strategic review costs of €4.3 million in 2019.

*Net financial results*

| (€ in millions, except for % and bps) | Year ended December 31, 2018 | Year ended December 31, 2019 | Amount of change | % change |
|---|---|---|---|---|
| Financial income | 1.5 | 1.1 | (0.4) | (26.7)% |
| Financial expenses | (44.0) | (57.9) | (13.9) | 31.6% |
| **Net financial expense** | **(42.5)** | **(56.8)** | **(14.3)** | **33.6%** |

Net financial expense increased by €14.3 million, from €42.5 million for the year ended December 31, 2018, to €56.8 million for the year ended December 31, 2019, primarily due to (i) higher interest costs of €10.8 million, mainly related to the Existing Senior Secured Notes and (ii) the interests on lease right of use of €4.8 million linked to the adoption of IFRS 16 in 2019, partly offset by the one-off depreciation in Oscaro’s shares of €4.7 million in 2018.

*Income taxes*

Income taxes amounted to a €12.6 million expense for the year ended December 31, 2018, and a €2.2 million expense for the year ended December 31, 2019. For the year ended December 31, 2019, income taxes comprised CVAE of €6.8 million (compared to €5.4 million in for the year ended December 31, 2018), a current income tax expense of €6.0 million (compared to a €4.2 million current income tax expense for the year ended December 31, 2018) and a deferred tax credit of €10.6 million (compared to a deferred tax expense of €2.9 million for the year ended December 31, 2018).

*Net income*

As a result of the factors described above, our net income increased by €13.0 million, or 351.4%, from a net income of €3.7 million for the year ended December 31, 2018, to a net income of €16.7 million for the year ended December 31, 2019.

***Year ended December 31, 2018, compared to year ended December 31, 2017***

| | Year ended December 31, | | | |
|---|---|---|---|---|
| **(€ in millions, except for % and bps)** | **2017** | **2018** | **Amount of change** | **% change** |
| **Revenue** | **1,254.8** | **1,465.8** | **211.0** | **16.8%** |
| Cost of goods sold | (699.5) | (844.2) | (144.7) | 20.7% |
| Personnel costs | (276.0) | (306.9) | (30.9) | 11.2% |
| External expenses | (166.2) | (193.8) | (27.6) | 16.6% |
| Taxes other than income taxes | (11.1) | (11.3) | (0.2) | 1.8% |
| Other operating income and expenses | 5.5 | 3.1 | (2.4) | (43.6)% |
| Depreciation and amortization expenses | (29.8) | (39.4) | (9.6) | 32.2% |
| **Operating income from ordinary activities** | **77.8** | **73.5** | **(4.3)** | **(5.5)%** |
| Other income from operations | 0.7 | 0.8 | 0.1 | 14.3% |
| Other expenses from operations | (13.4) | (15.4) | (2.0) | 14.9% |
| **Operating income** | **65.1** | **58.8** | **(6.3)** | **(9.7)%** |
| Financial income | 4.3 | 1.5 | (2.8) | (65.1)% |
| Financial expenses | (31.2) | (44.0) | (12.8) | 41.0% |
| Share of net income of equity method investees | (0.3) | — | 0.3 | 100.0% |
| **Income before tax** | **37.9** | **16.3** | **(21.6)** | **(57.0)%** |
| Income taxes | (5.4) | (12.6) | (7.2) | 133.3% |
| **Net income from continuing operations** | **32.6** | **3.7** | **(28.9)** | **(88.7)%** |
| Net income from discontinued operations | (1.3) | — | 1.3 | 100.0% |
| **Net income** | **31.3** | **3.7** | **(27.6)** | **(88.2)%** |

*Revenue*

The table below presents our revenue by segment for the year ended December 31, 2018, compared to the year ended December 31, 2017.

| | Year ended December 31, | | | |
|---|---|---|---|---|
| **(€ in millions, except for % and bps)** | **2017** | **2018** | **Amount of change** | **% change** |
| **Revenue** | **1,254.8** | **1,465.8** | **211.0** | **16.8%** |
| *of which Light Vehicle France* | 855.1 | 902.7 | 47.6 | 5.6% |
| *of which Trucks* | 157.6 | 168.2 | 10.6 | 6.7% |
| *of which Light Vehicle International* | 242.1 | 368.9 | 126.8 | 52.4% |
| *of which Digital B2C* | — | 26.0 | 26.0 | 100.0% |

Revenue increased by €211.0 million, or 16.8%, from €1,254.8 million for the year ended December 31, 2017, to €1,465.8 million for the year ended December 31, 2018, primarily due to the expansion of operations through acquisitions in France, Benelux and Italy.

- Light Vehicle France: Light Vehicle France revenue increased by €47.6 million, or 5.6%, from €855.1 million for the year ended December 31, 2017, to €902.7 million for the year ended December 31, 2018, primarily due to (i) the full impact of the acquisition of Mondial Pare-Brise on March 22, 2017, (ii) the acquisition in 2018 of SFIA, GPR Auto, Vallespir Auto Diffusion S.à r.l. and Loire Pare-Brise, which generated €3.0 million of revenue since their respective acquisition dates and (iii) organic growth generated by gains in market shares mainly as a result of increased revenue from Affiliated Distributors and an increase in our CPU revenue due to a larger product offering made available through our new automated Logisteo platform (mechanical parts, painting and equipment), which allows us to recognize the full amount of revenue, as we sell directly to customers rather than through our distributors.
- Trucks: Trucks revenue increased by €10.6 million, or 6.7%, from €157.6 million for the year ended December 31, 2017, to €168.2 million for the year ended December 31, 2018, primarily due to (i) organic growth following the ongoing implementation of a new distribution model and business re-organizational measures at the Group level; and (ii) the addition of new AD Poids Lourds workshops generating additional sales.
- Light Vehicle International: Light Vehicle International revenue increased by €126.8 million, or 52.4%, from €242.1 million for the year ended December 31, 2017, to €368.9 million the year ended December 31, 2018, primarily due to the full-year effect of the acquisitions of Italian distributors (OVAM, Ricauto and Topcar) in 2017 and the acquisitions of Geevers and G-Group in 2018.
- Digital B2C: Digital B2C revenue was €26.0 million for the year ended December 31, 2018, as a result of the acquisition of Oscaro in November 2018.

*Cost of goods sold*

Cost of goods sold increased by €144.7 million, or 20.7%, from €699.5 million for the year ended December 31, 2017, to €844.2 million for the year ended December 31, 2018, primarily due to higher sales volume as a result of both acquisitions and organic growth.

As a percentage of revenue, cost of goods sold increased from 55.7% for the year ended December 31, 2017, to 57.6% for the year ended December 31, 2018. This slight increase as a percentage of revenue was mainly due to a time lag in realizing purchasing synergies from the recent acquisitions and the lower gross margins from the recently acquired Italian businesses (taking into account the full-period impact from acquisitions completed in 2017 and the contribution of acquisitions completed in 2018), partly offset by the full-year impact of Mondial Pare-Brise's purchasing synergies.

*Personnel costs*

Personnel costs increased by €30.9 million, or 11.2%, from €276.0 million for the year ended December 31, 2017, to €306.9 million for the year ended December 31, 2018, primarily due to the integration of OVAM, Topcar, Ricauto, Mondial Pare-Brise, G-Group, Geevers and Oscaro.

As a percentage of revenue, personnel costs decreased from 22.0% for the year ended December 31, 2017, to 20.9% for the year ended December 31, 2018. This decrease as a percentage of revenue was primarily due to (i) our productivity improvements; and (ii) the effect of the acquisition of OVAM, Topcar, Ricauto and G-Group in Italy, which have a lower personnel cost base than the Group's average.

*External expenses*

External expenses increased by €27.6 million, or 16.6%, from €166.2 million for the year ended December 31, 2017, to €193.8 million for the year ended December 31, 2018, primarily due to (i) higher advertising expenses, which increased by €4.7 million between the relevant periods due to one-off expenses related to a large-scale AD network conference held in September 2018 and (ii) higher transportation costs, which increased by €9.6 million, between the relevant periods, as a result of higher activity, increasing fuel costs and increasing cost of the transportation service companies.

As a percentage of revenue, external expenses remained stable, representing 13.2% for the year ended December 31, 2017, and 13.2% for the year ended December 31, 2018, mainly due to (i) the effect of the acquisition of OVAM, Topcar, Ricauto, and G-Group in Italy as well as Geevers, which have a lower external expense cost base than the Group's average; and (ii) our efforts to monitor and control external costs.

*Taxes other than income taxes*

Taxes other than income taxes increased by €0.2 million, or 1.8%, from €11.1 million for the year ended December 31, 2017, to €11.3 million for the year ended December 31, 2018.

*Other operating income and expenses*

Other operating income and expenses decreased by €2.4 million, or 43.6%, from an income of €5.5 million for the year ended December 31, 2017, to an income of €3.1 million for the year ended December 31, 2018.

*Depreciation and amortization expenses*

The table below sets out our depreciation and amortization expenses for the year ended December 31, 2018, compared to the year ended December 31, 2017.

| | Year ended December 31, | | | |
|---|---|---|---|---|
| **(€ in millions, except for % and bps)** | **2017** | **2018** | **Amount of change** | **% change** |
| Amortization expenses on customer relationships of acquired companies | (6.9) | (12.8) | (5.9) | 85.5% |
| Amortization expenses on other intangible assets | (6.3) | (8.7) | (2.4) | 38.1% |
| Property, plant and equipment depreciation expenses | (16.9) | (17.9) | (1.0) | 5.9% |
| Depreciation and amortization expense related to discontinued operations | 0.3 | — | (0.3) | (100%) |
| **Depreciation and amortization expenses** | **(29.8)** | **(39.4)** | **(9.6)** | **32.2%** |

Amortization expenses on customer relationships of acquired companies increased by €5.9 million, from €6.9 million for the year ended December 31, 2017, to €12.8 million for the year ended December 31, 2018, mainly impacted by the amortization of the customer relationships of OVAM, Topcar, Ricauto, Mondial Pare-Brise, G-Group and Geevers in the context of the business combinations.

Amortization expenses on other intangible assets increased by €2.4 million, or 38.1%, from €6.3 million for the year ended December 31, 2017, to €8.7 million for the year ended December 31, 2018 and property, plant and equipment depreciation expenses increased by €1.0 million, or 5.9%, from €16.9 million for the year ended December 31, 2017, to €17.9 million for the year ended December 31, 2018, mainly due to the effect of the acquisitions of OVAM, Topcar, Ricauto, G-Group and Geevers which increased the amount of depreciation and amortization expenses.

*Operating income from ordinary activities*

As a result of the factors described above, our operating income from ordinary activities decreased by €4.3 million, or 5.5%, from €77.8 million for the year ended December 31, 2017, to €73.5 million for the year ended December 31, 2018.

*Adjusted EBITDA*

The table below presents our Adjusted EBITDA by segment for the year ended December 31, 2018, compared to the year ended December 31, 2017.

| (€ in millions, except for % and bps) | Year ended December 31, 2017 | 2018 | Amount of change | % change |
|---|---|---|---|---|
| **Adjusted EBITDA** | **118.0** | **128.1** | **10.1** | **8.6%** |
| **Adjusted EBITDA margin** | **9.4%** | **8.7%** | **(70) bps** | **—** |
| Adjusted EBITDA Light Vehicle France | 110.6 | 112.6 | 2.0 | 1.8% |
| Adjusted EBITDA margin Light Vehicle France | 12.9% | 12.5% | (40) bps | — |
| Adjusted EBITDA Trucks | 1.6 | 4.2 | 2.6 | 162.5% |
| Adjusted EBITDA margin Trucks | 1.0% | 2.5% | 150 bps | — |
| Adjusted EBITDA Light Vehicle International | 17.7 | 29.8 | 12.1 | 68.4% |
| Adjusted EBITDA margin Light Vehicle International | 7.3% | 8.1% | 80 bps | — |
| Adjusted EBITDA Digital B2C | — | (6.1) | (6.1) | (100.0)% |
| Adjusted EBITDA Headquarters | (11.9) | (12.4) | (0.5) | 4.2% |

Adjusted EBITDA increased by €10.1 million, or 8.6%, from €118.0 million for the year ended December 31, 2017, to €128.1 million for the year ended December 31, 2018, primarily due to an increase in Adjusted EBITDA in our Light Vehicle France and Light Vehicle International segments and, to a lesser extent, on Trucks segment.

- Light Vehicle France: The Adjusted EBITDA of the Light Vehicle France segment increased by €2.0 million, or 1.8%, from €110.6 million for the year ended December 31, 2017, to €112.6 million for the year ended December 31, 2018, primarily due to continuous improvement of purchasing conditions through the CPUs, combined with productivity gains generated by our automated warehouse Logisteo. The Adjusted EBITDA margin of our Light Vehicle France segment decreased from 9.4% for the year ended December 31, 2017, to 8.7% for the year ended December 31, 2018, which reflects a higher loyalty bonus paid in 2018 and increasingly competitive market conditions.

- Trucks: The Adjusted EBITDA of our Trucks segment increased by €2.6 million, from €1.6 million for the year ended December 31, 2017, to €4.2 million for the year ended December 31, 2018 and the Adjusted EBITDA margin of our Trucks segment increased from 1.0% for the year ended December 31, 2017, to 2.5% for the year ended December 31, 2018, primarily due to the continuing benefits of the ongoing implementation of the Group's new distribution model.

- Light Vehicle International: The Adjusted EBITDA of the Light Vehicle International segment increased by €12.1 million, from €17.7 million for the year ended December 31, 2017, to €29.8 million for the year ended December 31, 2018, primarily due to (i) the acquisitions of OVAM, Ricauto, Top Car, G-Group and Geevers including purchasing synergies and (ii) the performance of Doyen Auto, including purchasing synergies. The Adjusted EBITDA margin of the Light Vehicle International segment increased from 7.3% for the year ended December 31, 2017, to 8.1% for the year ended December 31, 2018, primarily due to purchasing synergies.

- Digital B2C: The Adjusted EBITDA of the Digital B2C segment was €(6.1) million, as a result of the acquisition of Oscaro.

- Headquarters: The Adjusted EBITDA of our Headquarters function decreased by €0.5 million, or 4.2%, from €(11.9) million for the year ended December 31, 2017, to €(12.4) million for the year ended December 31, 2018, primarily due to our decision to strengthen our central functions to support our development.

*Other income from operations*

Other income from operations increased by €0.1 million, 14.3%, from €0.7 million for the year ended December 31, 2017, to €0.8 million for the year ended December 31, 2018.

*Other expenses from operations*

Other expenses from operations increased by €2.0 million, from €13.4 million for the year ended December 31, 2017, to €15.4 million for the year ended December 31, 2018, primarily due to (i) €7.9 million costs related to our then contemplated initial public offering, including financial consulting costs as incurred up to date; and (ii) an increase in IT transformation costs, from €1.1 million for the year ended December 30, 2017 to €2.4 million for the year ended December 31, 2018. This increase was partly offset by (i) the one-off expense related to the implementation of the new Logisteo platform in Réau for the year ended December 31, 2017, which amounted to €3.7 million, and (ii) the one-off expense in 2017, related to the provision for retirement costs, due to the harmonization of the collective employment agreement for all the employees of the Group.

*Net financial results*

| | Year ended December 31, | | | |
|---|---|---|---|---|
| **(€ in millions, except for % and bps)** | **2017** | **2018** | **Amount of change** | **% change** |
| Financial income | 4.3 | 1.5 | (2.8) | (65.1)% |
| Financial expenses | (31.2) | (44.0) | (12.8) | 41.0% |
| **Net financial expense** | **(26.9)** | **(42.5)** | **(15.6)** | **58.0%** |

Net financial expense increased by €15.6 million, from €26.9 million for the year ended December 31, 2017, to €42.5 million for the year ended December 31, 2018, primarily due to higher interest costs related to the additional €80.0 million Existing Senior Secured Floating Rate Notes issued in April 2017 and additional €175.0 million Existing Senior Secured Floating Rate Notes issued in July 2018, the depreciation in Oscaro's shares of €4.7 million for the year ended December 31, 2018, and higher financial income for the year ended December 31, 2017, due to the gain on disposal of AD Polska.

*Income taxes*

Income taxes increased by €7.2 million, from a €5.4 million expense for the year ended December 31, 2017, to a €12.6 million expense for the year ended December 31, 2018, primarily due to lower deferred tax variance. For the year ended December 31, 2018, income taxes comprised CVAE of €5.4 million (compared to €5.6 million in for the year ended December 31, 2017), a current income tax expense of €4.2 million (compared to a €3.9 million current income tax expense for the year ended December 31, 2017) and a deferred tax expense of €2.9 million (compared to a deferred tax benefit of €4.0 million for the year ended December 31, 2017).

*Net income from discontinued operations*

Net income from discontinued operations decreased by €28.9 million, from €32.6 million for the year ended December 31, 2017, to €3.7 million for the year ended December 31, 2018, and relates to AD Polska.

*Net income*

As a result of the factors described above, our net income decreased by €27.6 million, or 88.2%, from a net income of €31.3 million for the year ended December 31, 2017, to a net income of €3.7 million for the year ended December 31, 2018.

## Liquidity and capital resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business, including working capital needs, debt service obligations, capital expenditures, operating losses, acquisitions, and contractual obligations and commitments. Our principal sources of liquidity have been our existing cash and cash equivalents, cash generated from operations, factoring facilities, bank overdraft facilities and finance leases.

We expect that our principal sources of liquidity will be our existing cash and cash equivalents, cash generated from operations, debt securities (including the Existing Senior Secured Floating Rate Notes and the Notes offered hereby), any borrowings under our working capital and bank overdraft facilities, including our Revolving Credit Facility and the PGE Loan, factoring facilities and finance leases. We may from time to time seek to retire or repurchase our outstanding debt through cash purchases, in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on market conditions, our liquidity requirements, contractual restrictions and other factors.

Our financial condition and liquidity have been, and are expected to continue to be, influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness, and the interest we are obligated to pay on such indebtedness, which affect our finance costs;
- prevailing interest rates, which affect our debt service requirements;
- our ability to continue to borrow funds from banks;
- our level of acquisition activity
- our capital expenditure requirements; and
- the medium- and long-term impact of the COVID-19 outbreak.

Our cash requirements are expected to consist mainly of the following:

- paying operating costs and working capital;
- funding capital expenditures;
- funding potential acquisitions;
- servicing indebtedness; and
- paying taxes.

Although we believe that our expected cash flows from operations, future borrowings under our Revolving Credit Facility and the PGE Loan and potential future borrowings under debt securities will be adequate to meet our anticipated general liquidity needs and debt service obligations, we cannot assure you that our business will generate sufficient cash flows from operations to meet these needs or that future debt or equity financing will be available to us in an amount sufficient to enable us to fund our liquidity needs, including making payments on the Notes or other debt when due, such as the Existing Senior Secured Floating Rate Notes. In addition, there is a significant increase in economic uncertainty due to the impact of COVID-19, which already impacted our results for the three months ended March 31, 2020, and may impact our financial condition and our ability to raise financing in the future. See "*Risk factors—Risks related to our business—Any outbreak of severe communicable diseases, including COVID-19, may materially affect our business and results of operations*."

If our cash flows from operating activities are lower than expected or our capital expenditure requirements exceed our projections, we may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. Our ability to arrange financing generally and our cost of capital depends on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions, capital markets, restrictions in instruments governing our debt and our general financial performance. See "*Risk factors—Risks related to our indebtedness and the Notes—We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful*."

### *Historical cash flows*

The following table sets forth our historical cash flow items for the years ended December 31, 2017, 2018 and 2019, and for the three months ended March 31, 2020, compared to the three months ended March 31, 2019.

| | **Year ended December 31,** | | | **Three months ended March 31,** | |
|---|---|---|---|---|---|
| **(€ in millions)** | **2017*** | **2018** | **2019** | **2019** | **2020** |
| **Net income** | **31.3** | **3.7** | **16.7** | **(4.0)** | **(7.4)** |
| Net cash from (used in) operating activities—continuing operations | 103.2 | 58.9 | 109.9 | 35.3 | 115.6 |
| Net cash used in investing activities—continuing operations | (84.2) | (201.3) | (91.0) | (8.6) | (8.4) |
| Net cash from (used in) financing activities—continuing operations | 4.5 | 149.1 | (32.9) | (9.3) | (5.3) |
| Cash and cash equivalents at beginning of the period** | 50.1 | 70.6 | 77.4 | 77.4 | 63.5 |
| Cash and cash equivalents at end of the period** | 70.6 | 77.4 | 63.5 | 94.8 | 165.3 |

* Restated by reclassifying €18.5 million of bank overdrafts of Italian entities outstanding on the date on which we acquired these entities, from the line item business acquisitions (net of cash acquired) to the line item net cash and cash equivalents for the year ended December 31, 2017.

** Includes cash and cash equivalents from discontinued operations.

*Net cash from operating activities*

The following table sets forth the components of our net cash flow from operating activities for the periods indicated.

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| (€ in millions) | 2017 | 2018 | 2019 | 2019 | 2020 |
| **Net income** | **31.3** | **3.7** | **16.7** | **(4.0)** | **(7.4)** |
| Net income from discontinued operations | 1.3 | — | — | — | — |
| Cancellation of income and expenses with no cash impact | 36.3 | 53.7 | 102.3 | 31.6 | 35.7 |
| Cancellation of financial income and expenses with cash impact | 23.2 | 29.1 | 44.1 | 6.2 | 5.4 |
| Income taxes | 5.4 | 12.6 | 2.2 | 3.1 | 2.1 |
| Changes in working capital | 14.3 | (30.9) | (41.8) | 4.1 | 79.8 |
| Income taxes paid | (8.8) | (9.3) | (13.4) | (5.7) | 0 |
| **Net cash from operating activities—continuing operations** | **103.2** | **58.9** | **110.1** | **35.3** | **115.6** |

Net cash from operating activities is mainly impacted by changes in working capital and other items with a cash effect, in addition to changes in net income and cancellations of unrealized income and expenses, the elimination of financial expenses and income with a cash effect and the elimination of income tax.

Net cash from operating activities from continuing operations amounted to €115.6 million, or 26.5% of revenue, for the three months ended March 31, 2020, primarily due to a favorable change in working capital of €79.8 million mainly driven by an increase in trade payables as a result of an extension of the payment terms with certain large suppliers.

Net cash from operating activities from continuing operations amounted to €35.3 million, or 7.8% of revenue, for the three months ended March 31, 2019, primarily due to a favorable change in working capital of €4.1 million offset by income taxes of €5.7 million for the three months ended March 31, 2019.

Net cash from operating activities from continuing operations amounted to €110.1 million, or 6.1% of revenue, for the year ended December 31, 2019, and includes the impact of the adoption of IFRS 16 in 2019, which increased depreciation and amortization expenses by €44.5 million and decreased rental expenses by €47.6 million, compared to what the net cash from operating activities from continuing operations would have been before the adoption of IFRS 16. Excluding the impact of the adoption of IFRS 16, net cash from operating activities from continuing operations for the year ended December 31, 2019 is primarily driven by the unfavorable change in working capital of €41.8 million due an increase in inventories mainly in connection with the build-up of stock by Doyen Auto to supply Autodoc.

Net cash from operating activities from continuing operations amounted to €58.9 million, or 4.0% of revenue, for the year ended December 31, 2018, primarily due to an unfavorable change in working capital of €30.9 million due to an increase in inventories, mainly at our Logisteo platform.

Net cash from operating activities from continuing operations amounted to €103.2 million, or 8.2% of revenue, for the year ended December 31, 2017, primarily due to favorable changes in working capital due to a decrease of receivables as a result of the new non-recourse factoring program that allows factored receivables to be deconsolidated, which were partly offset by an increase in inventories due to business acquisitions during the year and higher year-end activity to fulfill the end-of-year rebates.

*Net cash flow used in investing activities*

The following table sets forth the components of our net cash flows from investing activities for the periods indicated.

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| **(€ in millions)** | **2017*** | **2018** | **2019** | **2019** | **2020** |
| Acquisitions of non-current assets | (28.0) | (32.8) | (40.0) | (8.4) | (8.2) |
| Acquisitions of customer relationship intangible assets | (10.0) | (5.3) | — | — | — |
| Disposals of non-current assets | 2.1 | 0.8 | 2.4 | 0.1 | 0.1 |
| Business acquisitions (net of cash acquired) | (67.1) | (163.4) | (51.8) | — | — |
| Disposals of business (net of cash transferred) | 18.9 | — | — | — | — |
| Change in customer financing and other transactions | (0.1) | (0.6) | (1.5) | (0.4) | (0.2) |
| **Net cash used in investing activities—continuing operations** | **(84.2)** | **(201.3)** | **(91.0)** | **(8.6)** | **(8.4)** |

* Restated by reclassifying €18.5 million of bank overdrafts of Italian entities outstanding on the date on which we acquired these entities, from the line item business acquisitions (net of cash acquired) to the line item net cash and cash equivalents for the year ended December 31, 2017.

Cash flow used in investing activities relates to (i) capital expenditure, which consists of the acquisitions of non-current assets, and (ii) the acquisitions of business, net of cash acquired.

For the three months ended March 31, 2020, our investing activities resulted in a net cash outflow of €8.4 million driven by capital expenditures of €8.2 million. See "—*Capital Expenditures*."

For the three months ended March 31, 2019, our investing activities resulted in a net cash outflow of €8.6 million driven by capital expenditures of €8.4 million. See "—*Capital Expenditures*."

For the year ended December 31, 2019, our investing activities resulted in a net cash outflow of €91.0 million driven by new business acquisitions of €51.8 million and capital expenditures of €40 million, partly offset by a cash inflow from disposal of assets of €2.4 million.

For the year ended December 31, 2018, our investing activities resulted in a net cash outflow of €201.3 million driven by new business acquisitions of €163.4 million, mainly due to the acquisition of Oscaro customer relationship asset (€4.8 million) and brand (€50.6 million), and capital expenditures of €32.8 million.

For the year ended December 31, 2017, our investing activities resulted in a net cash outflow of €84.2 million driven by new business acquisitions of €67.1 million, mainly due to the acquisition of the Autodistribution Belux customer relationship asset (€10.0 million), and capital expenditures of €28.0 million.

*Capital Expenditures*

Our capital expenditures consist solely of the acquisition and maintenance of non-current assets. Our capital expenditures include the further expansion of our operations and the maintenance of our existing operations. In particular, our capital expenditure on tangible assets mainly relates to purchases of shelving and machinery for the transport and storage of products in our warehouses, as well as purchases of commercial delivery vans that we use in our operations. Our capital expenditure on intangible assets mainly relates to the capitalization of new functional development costs of our "Enterprise Resource Planning" software, the purchase of software licenses relating to management and financial reporting, technical light vehicle and truck databases and inventory management.

Capital expenditures decreased by €0.2 million, to €8.2 million, or 1.9% of revenue, for the three months ended March 31, 2020, from €8.4 million, or 1.9% of revenue, for the three months ended March 31, 2019, primarily due to a reduction in investments following the COVID-19 outbreak in 2020.

Capital expenditures increased by €7.2 million, to €40.0 million, or 2.2% of revenue, for the year ended December 31, 2019, from €32.8 million, or 2.2% of revenue, for the year ended December 31, 2018, primarily due the integration of capitalized development costs from Oscaro for €3.0 million and €1.5 million of investment in Mondial Pare-Brise.

Capital expenditures increased by €4.8 million, to €32.8 million, or 2.2% of revenue, for the year ended December 31, 2018, from €28.0 million, or 2.2% of revenue, for the year ended December 31, 2017, primarily due to the increase in maintenance capital expenditures following the acquisition of OVAM, Ricauto, Topcar and Mondial Pare-Brise, partly offset by a decrease in capital expenditures related to the automated Logisteo platform finalized and launched in 2017.

Although we intend to continue to make investments on maintenance and development of our existing business, we intend to take a conservative approach with respect to capital expenditures for the year 2020 due to the impact of the COVID-19 pandemic in the countries in which we operate.

*Business acquisitions*

Business acquisitions mainly relate to external acquisitions. The amount of the acquisition is presented net of cash (or overdraft) held by such acquired entity.

There was no business acquisition for the three months ended March 31, 2019 and 2020.

Business acquisitions and advances paid amounted to €51.8 million, or 2.9% of revenue, for the year ended December 31, 2019, mainly due to the acquisition of 75% interests in AD Bosch for a purchase price of €48.1 million in August 2019.

Business acquisitions and advances paid amounted to €163.4 million, or 11.1% of revenue, for the year ended December 31, 2018, mainly due to the acquisitions of (i) 82.49% of the capital stock of Oscaro, the leader in online sales of light vehicle spare parts in France, for an amount of €91.3 million in November 2018; (ii) 100% of the capital stock of G-Group for an amount of €15.8 million in May 2018, which enabled us to enter the Central and Southern Italian market and to strengthen our number two position in the Italian market; and (iii) 100% of the capital stock of Geevers, the leading independent retailer of multi-brand car body parts in Benelux, for a purchase price of €50.2 million in May 2018.

Business acquisitions and advances paid amounted to €67.1 million, or 5.3% of revenue, for the year ended December 31, 2017. During the year ended December 31, 2017, we made four acquisitions: (i) in March 2017 we purchased 100% of the capital stock of Mondial Pare-Brise for an amount of €35.8 million, which aims to create purchasing and logistics synergies with Cora's windscreen business; (ii) in March 2017 we purchased 100% of the capital stock of four truck distributor companies for an aggregate purchase price of €1.3 million; (iii) in May 2017, we purchased 55% of the capital stock of three leading Italian distributor companies, who are leading stockiest distributors in northern and central Italy, for an amount of €29.2 million; and (iv) in May 2017 Doyen Auto purchased 100% of the capital stock of two auto parts distributors for an aggregate amount of €4.6 million. During the same period, we disposed of 100% of AD Polska for €13.3 million, net of cash transferred, as well as 100% of APS Berwald (ten sites in Moselle) for €4.2 million.

*Cash flow from (used in) financing activities*

The following table sets forth the components of our net cash flows from financing activities for the periods indicated:

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| **(€ in millions)** | **2017** | **2018** | **2019** | **2019** | **2020** |
| Dividends paid to the owners of the parent company | (40.0) | (65.4) | — | — | — |
| Dividends paid to non-controlling interests of consolidated subsidiaries | (0.4) | (0.3) | (0.3) | — | — |
| Dividends received from associates | — | — | — | — | — |
| Repayment of capital | (4.5) | — | — | — | — |
| Interest paid | (27.0) | (34.6) | (50.5) | (9.5) | (10.3) |
| Interest received | 0.8 | 1.2 | 0.8 | 0.2 | 0.1 |
| Increase in borrowings | 82.3 | 263.2 | 227.8 | 174.1 | 29.6 |
| Repayment of borrowings | (8.5) | (7.1) | (210.7) | (174.1) | (24.7) |
| Change in other financial liabilities | 1.9 | (7.8) | — | — | — |
| **Net cash from (used in) financing activities—continuing operations** | **4.5** | **149.1** | **(32.9)** | **(9.3)** | **(5.3)** |

Net cash from financing activities amounted to an outflow of €5.3 million, or 1.2% of revenue, for the three months ended March 31, 2020. Our financing activities consisted of (i) €10.3 million of interest paid primarily on the Existing Senior Secured Notes, (ii) €24.7 million of repayment of other borrowings, of which €11.1 million related to repayment of lease debt (IFRS 16) and €10.5 million to the repayment of Italian credit lines, and (iii) €29.6 million of new borrowings, driven by an additional drawdown of €28.0 million under the Revolving Credit Facility.

Net cash from financing activities amounted to an outflow of €9.3 million, or 2.1% of revenue, for the three months ended March 31, 2019. Our financing activities consisted of (i) €9.5 million interest paid primarily on the Existing Senior Secured Notes (ii) €174.1 million of repayment of borrowings, mainly related to the repayment of €90.0 million under the Revolving Credit facility and the redemption of €72.0 million of Existing 2016 Senior Secured Floating Rate Notes, and (iii) €174.1 million of new borrowings, primarily due to the issuance of €175.0 million of the Existing 2019 Senior Secured Floating Rate Notes.

Net cash from financing activities amounted to an outflow of €32.9 million, or 1.8% of revenue, for the year ended December 31, 2019. Our financing activities consisted mainly of (i) an increase in borrowings of €227.8 million, mainly due to the issuance of €175.0 million of the Existing 2019 Senior Secured Floating Rate Notes and the drawdown of €50 million under the Revolving Credit Facility, and (ii) €210.7 million of repayment of borrowings, mainly related to the repayment of the Revolving Credit Facility and €50.5 million interest paid.

Net cash from financing activities amounted to an inflow of €149.1 million, or 10.2% of revenue, for the year ended December 31, 2018. Our financing activities consisted mainly of an increase in borrowings of €263.2 million, primarily due to the issuance of €175.0 million of additional Existing 2016 Senior Secured Floating Rate Notes in July 2018.

Net cash from financing activities amounted to an inflow of €4.5 million, or 0.4% of revenue, for the year ended December 31, 2017. Our financing activities consisted mainly of (i) an increase in borrowings of €82.3 million relating to the additional offering of the Existing Senior Secured Floating Rate Notes for an aggregate principal amount of €80.0 million, partly offset by (ii) repayment of borrowings of €8.5 million relating to repayment of certain CICE financing and debt held by the Doyen Auto Group and (iii) interest paid for €27.0 million.

***Working capital***

The following table sets forth our change in operating working capital requirements for the periods indicated.

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| **(€ in millions)** | **2017** | **2018** | **2019** | **2019** | **2020** |
| Inventories decrease/(increase) | (9.7) | (37.1) | (16.9) | (0.1) | (15.2) |
| Trade receivables decrease/(increase) | 44.4 | 20.3 | (8.3) | (28.2) | 21.2 |
| Trade payables increase/(decrease) | (9.1) | (7.6) | (9.3) | 36.0 | 75.0 |
| Other receivables and payables | (11.3) | (6.5) | (7.3) | (3.6) | (1.2) |
| **Change in working capital** | **14.3** | **(30.9)** | **(41.8)** | **4.1** | **79.8** |

For the three months ended March 31, 2020, we generated a favorable change in working capital of €79.8 million, primarily due to an increase in trade payables due to one time deferrals on payments to some of our large suppliers partly offset by early payments of year-end rebates through negotiations with our suppliers and to a lesser extent due to an increase in inventories, reflecting the build-up of stock at the end of March 2020 in anticipation of border shutdowns and potential supply shortage and a decrease in receivables in connection with the lower activity in March 2020 due to the COVID-19 outbreak.

For the three months ended March 31, 2019, we generated a favorable change in working capital of €4.1 million, primarily due to an increase in trade payables of €36 million, partly offset by an increase in trade receivables by €28.2 million, due to seasonal effects.

For the year ended December 31, 2019, we generated a negative change in working capital of €41.8 million, primarily due to (i) an increase in inventories of €16.9 million in connection with the build-up of stock by Doyen Auto to supply Autodoc and the build-up of stock by Geevers and G-Group as part of their product offering expansion, (ii) a decrease in trade payables of €9.3 million mainly due to the Oscaro turnaround plan implemented just after the acquisition in 2018 and which included the payment of the supplier debts and (iii) an outflow of €7.3 million in net other receivables and payables mainly due to VAT.

For the year ended December 31, 2018, we generated a negative change in working capital of €30.9 million, primarily due to (i) an increase in inventories of €37.1 million as a result of the expansion of our product offering to take advantage of favorable purchasing conditions and (ii) a €20.3 million decrease in receivables mainly due to the extension of our non-recourse factoring program to new entities.

For the year ended December 31, 2017, we generated a favorable change in working capital of €14.3 million, primarily due to a decrease in trade receivables of €44.4 million arising from to the new non-recourse factoring program that allows factored receivables to be deconsolidated, which was partly offset by (i) an increase of €9.7 million in inventories, mainly due to business acquisitions during the year and higher year-end activity to fulfill the end-of-year rebates, (ii) a decrease in trade payables of €9.1 million mainly due to the longer payment terms with suppliers that were negotiated in 2016 in preparation for the new Logisteo platform, and (iii) a net cash outflow of €11.3 million of the other receivables and payables, mainly due to the CICE financing.

***Credit arrangements following this Offering***

*Notes offered hereby*

Following the Offering, we expect to have €300.0 million in aggregate principal amount of Notes and €581.0 million of Existing Senior Secured Floating Rate Notes outstanding. We will pay interest on the Notes in cash at the annual interest rate and on the dates set forth on the cover page of this Offering Memorandum. Interest on the Notes will accrue from the Issue Date.

The Indenture will contain covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: incur additional indebtedness; pay dividends on or make distributions in respect of capital stock or make certain other restricted payments or investments; enter into agreements that restrict distributions from restricted subsidiaries; sell or otherwise dispose of assets, including the capital stock of restricted subsidiaries; enter into transactions with affiliates; create or incur liens; and merge, consolidate or sell substantially all of our assets. These covenants will be subject to important exceptions and qualifications. See "*Description of the Senior Secured Notes—Certain covenants*."

*Revolving Credit Facility*

We entered into a Revolving Credit Facility on November 12, 2015, with the guarantors named therein as original guarantors or borrowers, the financial institutions named therein as original lenders and U.S. Bank Trustees Limited as security agent. On June 13, 2018, we sought an increase of the Revolving Credit Facility in the amount of €30.0 million, as a result of which the Revolving Credit Facility provides for borrowings up to an aggregate of €80.0 million on a committed basis. On July 13, 2018, we further increased the Revolving Credit Facility to €90.0 million on a committed basis, and to €100.0 million on a committed basis on March 18, 2020. The interest rate on cash advances under the Revolving Credit Facility will be the aggregate of the applicable margin and LIBOR/EURIBOR (as defined in the Revolving Credit Facility Agreement and subject to a floor of zero). The margin may range from 2.50% to 3.50% based on a consolidated senior secured leverage ratchet and subject to certain conditions. See "*Description of certain financing arrangements—Revolving Credit Facility Agreement*."

*PGE Loan*

On July 1, 2020, we entered into a €25.0 million government-backed loan agreement among, *inter alios*, the Issuer, BNP Paribas and Société Générale in France. See "*Description of certain financing arrangements—PGE Loan*."

*Factoring arrangements and working capital and bilateral lending facilities*

We have entered into various factoring arrangements, working capital and bilateral lending facilities with an aggregate principal amount of €89.3 million outstanding as of March 31, 2020, excluding bank overdrafts. These factoring arrangements and the working capital and bilateral lending facilities will remain in place after the Issue Date. See "*Description of certain financing arrangements*."

***Contractual obligations***

We enter into long-term contractual obligations and commitments in the normal course of business, primarily debt obligations and non-cancellable operating leases. As of March 31, 2020, our contractual cash obligations and commercial commitments as set forth below are on an as adjusted basis giving effect to this Offering and the application of the proceeds therefrom as set forth in "*Use of proceeds*."

| (€ in millions) | Less than one year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|
| Notes[1] | — | 300.0 | — | 300.0 |
| Existing Senior Secured Floating Rate Notes[2] | — | 581.0 | — | 581.0 |
| Revolving Credit Facility[3] | — | 78.0 | — | 78.0 |
| IFRS 16 lease liabilities | 38.5 | 96.3 | 39.9 | 174.7 |
| Finance leases | 1.1 | 2.3 | — | 3.4 |
| Other borrowings and accrued interest | 61.3 | 5.7 | — | 67.0 |
| **Total** | **100.9** | **1,063.3** | **39.9** | **1,204.1** |

(1) Represents the aggregate principal amount of the Notes offered hereby.

(2) Following the Refinancing on or about the Issue Date, €443.0 million of Existing 2016 Senior Secured Floating Rate Notes will remain outstanding under the Existing 2016 Senior Secured Notes Indenture and €138.0 million of Existing 2019 Senior Secured Floating Rate Notes will remain outstanding under the Existing 2019 Senior Secured Notes Indenture.

(3) For more information about the maturity of the Revolving Credit Facility, see "*Description of certain financing arrangements—Revolving Credit Facility Agreement—Maturity and repayment requirements*."

### Credit management policy

We have adopted credit management procedures adjusted to the characteristics of the market and of our customers in order to reduce the risk of exposure and to attempt to allow prompt and proactive management of our business. The proactive customer credit risk monitoring activities start by grouping consumers based on their type, the duration of credit, the existence of previous financial difficulties or notifications and of the possible existence of legal or ongoing bankruptcy procedures. Financial assets are recorded in the financial statements net of the write-off based on the risk of breach by the counterparty, which is determined based on the available information regarding the customer's solvency.

### Quantitative and qualitative disclosure about financial risk

In the ordinary course of our business, we are exposed to a variety of financial risks. We monitor and manage these risks as an integral part of our overall risk management program, which recognizes the unpredictability of financial markets and seeks to reduce their potential adverse effects on our results of operations.

#### *Exchange rate risk*

The euro is the functional currency in which our financial statements are presented.

#### *Interest rate risk*

We are exposed to interest rate risks due to our need to finance our operations as well as to utilize our available liquidity. Fluctuations in market interest rates may have a negative or a positive impact on our financial results by indirectly influencing the repayment of loans and investments. Following this Offering, our indebtedness and other debt arrangements will be primarily composed of the Notes (which have a fixed interest rate) and the Revolving Credit Facility (which borrowings will have an interest rate based on EURIBOR/LIBOR, reset periodically). We do not currently intend to hedge the interest rate payments on our Notes to be issued on the Issue Date. We may, however, decide to do so in the future.

We evaluate our exposure to changes in interest rates on a regular basis and may decide to manage the foregoing risks through financial derivatives, according to the directives contained in the "Interest rate risk management policy" we have adopted. Notwithstanding our potential use of hedging instruments, unexpected changes in interest rates could have a material adverse effect on our business, results of operations and financial condition.

### Off-balance sheet arrangements

We are not party to any material off-balance sheet arrangements. For a description of certain commitments and guarantees that we have given to third parties in connection with our financing arrangements and other ordinary course rental and other obligations, see note 14 to the unaudited interim condensed consolidated financial statements of the Parent Guarantor as of and for the three months ended March 31, 2020, note 16 to the audited consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2019 and note 16 to the audited consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2018, included elsewhere in this Offering Memorandum.

### Other financial obligations: pension obligations

For a description of certain pension plans and obligations, see note 8 to our audited consolidated financial statements as of and for the year ended December 31, 2019, included elsewhere in this Offering Memorandum.

### Critical accounting policies

Our financial statements have been prepared in accordance with IFRS as adopted by the European Union. The preparation of these financial statements requires us to make various estimates and assumptions that affect the results we report. Such estimates or assumptions are based on our historical experience and currently available information, including expectations of future events that we believe are reasonable under the circumstances. Actual results may differ significantly from such estimates in light of the uncertainty surrounding the assumptions and conditions upon which the estimates are based. The following are significant accounting policies determined on the basis of such estimates and assumptions for which changes during a financial period could involve a significant risk of material change in the carrying amount of assets and liabilities.

#### *Inventory impairment*

Inventory impairment is calculated by applying an impairment rate for each category of unsold products in accordance with the depletion of items and their last date of sale.

#### *End-of-year supplier rebates*

Trade payables are presented net of end-of-year supplier rebates, which are estimated based on the volumes purchased and the terms of each supplier contract. The amount of rebates claimable in the subsequent year may differ from the provisions initially recognized.

#### *Employee costs and benefits*

An independent actuary calculates the Group's commitment under the defined benefit plans annually using the projected unit credit method. These calculations include demographic actuarial assumptions concerning mortality, severance, retirement conditions and future salary projections. Probable future benefits are discounted using a discount rate with reference to the yield on investment-grade bonds. The cost of defined benefit plans is calculated on the basis of actuarial valuations. These valuations are based on assumptions such as the discount, salary increase, staff turnover and mortality rates. Due to the long-term nature of such plans, there is considerable uncertainty around these estimates.

#### *Impairment of non-financial assets*

At the end of each reporting period, we assess whether there is any indication that a non- financial asset might be impaired. The impairment tests are based on the four-year EBITDA plan for each cost generating unit ("CGU") as defined by us. For purposes of impairment testing, goodwill is allocated to the CGU or group of CGUs most likely to benefit from the synergies of the business combination and to the lowest level at which goodwill is monitored by us. The CGUs correspond to subsidiaries or groups of subsidiaries that are included in the same operating segment and that generate cash flows largely independent from those generated by other CGUs.

The assumptions used then undergo a sensitivity test to assess the variability of the result following the changes of all assumptions. Each year and whenever there is an indication of impairment, we carry out impairment tests. A valuation of the AD brand is also performed separately, bearing in mind that the impairment of the brand is reversible if events occur that show that indicators that led to a loss being recorded no longer exist.

#### *Deferred tax assets*

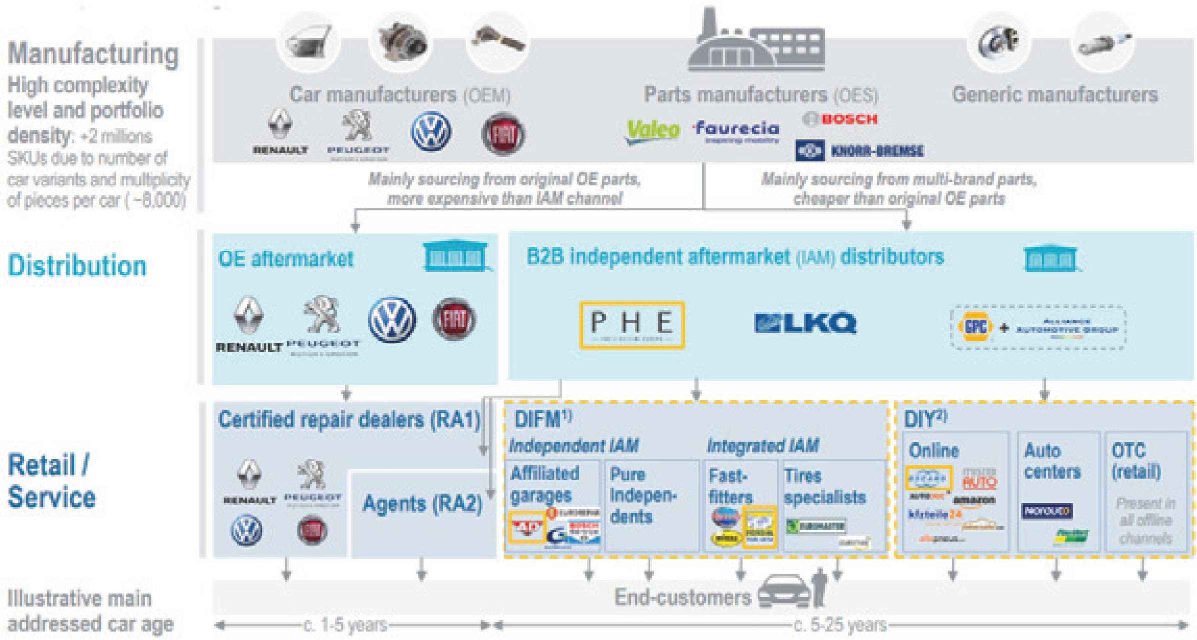
The calculation of the amount of deferred tax assets that can be recognized requires management to estimate how long it will take to use up the losses carried over and the level of future taxable profits in light of tax management strategies. Recognized deferred tax assets are calculated on the basis of the Group's six-year business plan for the year ended December 31, 2017 and of five-year business plan for the years ended December 31, 2016 and 2015. The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced if it no longer appears probable that sufficient taxable profits will be available against which some or all of said deferred tax assets can be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and recognized if it becomes likely that future taxable profits will be available against which they can be utilized.

# INDUSTRY

*Certain of the projections and information set forth in this section have been derived from external sources by third-party sources believed to be reliable by management. The providers of the data reports do not warrant, represent or guarantee the accuracy and completeness of any information in this Offering Memorandum, and neither do the providers of the data reports accept any responsibility or liability to any party who relies on any information contained in this Offering Memorandum. We cannot assure you that any of the assumptions we have made are accurate or correctly reflect our position in the market. The information and estimates in this section involve risks and uncertainty and are subject to change based on various factors. All forward-looking market information included in this Offering Memorandum from such third parties has been formulated based on available information at the time of its formulation and prior to the outbreak of the COVID-19 pandemic, therefore, no consideration has been given to its social and economic impact on the industry and its future landscape. The forward-looking market information has solely been included for information purposes and should be considered in light of recent events. See "Risk factors" and "Forward-looking Statements." This industry section includes certain technical terms that are commonly used in our industry. See "Glossary of technical terms" for a detailed explanation of these terms.*

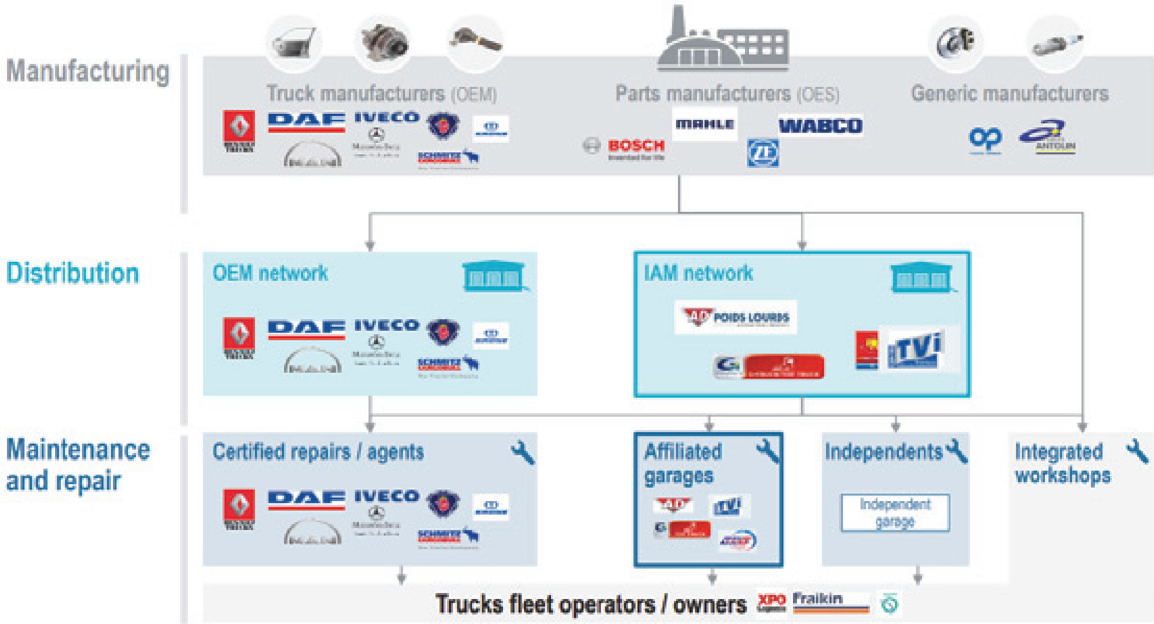
## Overview

The Western European light vehicle spare parts market comprises of three main components: (1) the manufacturing and supply of spare parts by parts manufacturers ("original equipment suppliers" or "OES") (such as Bosch, Faurecia, Knorr-Bremse and Valeo) and the supply of branded spare parts by car manufacturers ("car manufacturers" or "OEM") (such as Fiat, Peugeot, Renault and VW) who are in turn supplied with spare parts by the OES; (2) the distribution of spare parts by OE car dealer networks and IAM distributors; and (3) retail sales and service to drivers by garages, independent repairers, autocenters, tire specialists and fast fitters, as well as retail locations (such as spare parts outlets and scrap yards) and online players. We are a distributor in the IAM of the European light vehicle spare parts market and do not act directly as a repairer in this market. Our role as a distributor remains crucial due to the specificities of this market being positioned as a market leading distributor with integrated and controlled value chain management. The graphic below shows the flow of light vehicle spare parts from suppliers, through aftermarket distributors to retail and service center customers and finally to drivers.




We also operate in the IAM of the truck spare parts market in France. Like the Western European light vehicle spare parts market, the truck spare parts distribution and repair market in France comprises of three main components: (1) the manufacturing and supply of spare parts by OEM (such as Bosch, Mahle, ZF Aftermarket and Wabco) and the supply of branded spare parts by OEM (such as DAF, Iveco, Krone, Man, Mercedes Benz, Renault Trucks and Schmitz) who are in turn supplied with spare parts by the OEM; (2) the distribution of spare parts by OE truck dealer networks, IAM networks and integrated workshops; and (3) the maintenance and repair by garages, certified repairers or agents, and integrated workshops. We act as both a distributor and a maintenance and repair service provider in the IAM of the truck spare parts market in France.

The graphic below shows the flow of truck spare parts from suppliers, through the OE truck dealer networks, IAM networks and integrated workshops to retail and service center customers and finally to owners and operators of truck fleets.




Light vehicle and truck spare part manufacturing is characterized by a high level of part complexity and density. Due to the number of vehicle variants in the market and the multiplicity of pieces per vehicle (8,000 per car on average), spare parts manufacturers collectively produce several million SKUs. OE car and truck dealer networks primarily source spare parts from specific OEMs and OESs, while IAM distributors mainly employ a less expensive, multi-brand sourcing approach. Light vehicle and truck spare parts and products can be grouped as follows:

- repair and maintenance, such as radiators, alternators, steering and suspension components, brake systems, spark plugs, oil filters;
- body parts, such as hoods, bumpers, doors, wings, glass, paints;
- repairer equipment, such as diagnostic tools; and
- oil, tires, consumables and accessories, such as antifreeze, coolant, in-car entertainment, navigation systems.

The Western European light vehicle aftermarket distributes spare parts to garages, certified repairers, autocenters, tire specialists, fast fitters, retailers and web dealers.

*Garages* generally may repair cars from all brands with IAM spare parts and may be “independent” or “affiliated” with a brand. Affiliated garages include AD-branded garages, Bosch Car Service, Eurorepar and Top Garage.

*Certified repairers* operate under an OEM banner, such as Renault, Peugeot, VW or Fiat.

*Autocenters* are generally self-service shops located near supermarkets. Norauto and Feu Vert are examples of autocenters.

*Tire specialists’* principal activity is tire sales and changing. Euromaster and Eurotyre are examples of tire specialists.

*Fast fitters* are focused on quick service, focused on tires and maintenance. Speedy and Midas are examples of fast fitters.

*Retailers* include spare parts outlets, supermarkets, scrap yards and gas stations, such as Total.

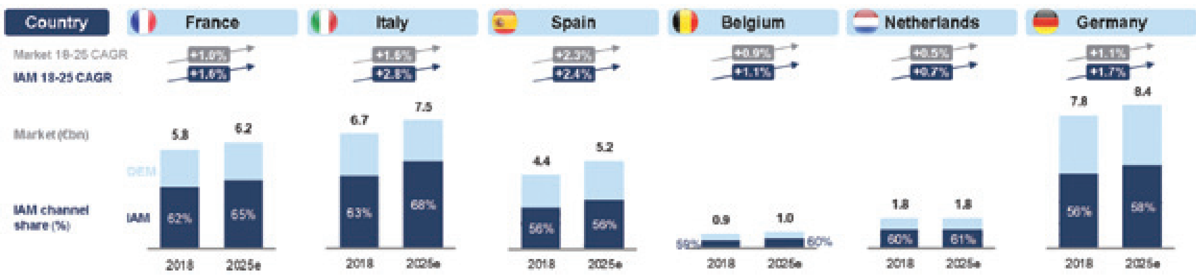
*Web dealers* can be split into three categories: pure-player specialists (such as Oscaro and Mister Auto), online tire specialists (such as Allopneus) and, to a lesser extent, e-commerce generalists (such as eBay and Amazon).

The truck aftermarket in France also distributes spare parts to garages, certified repairers or agents and integrated workshops. Integrated workshops are owned by truck fleet operators and generally have a level of technical expertise below that of OEM and IAM networks and, as a result, often outsource repairs other than routine maintenance to OEM and IAM networks. Fraikin, RATP and XPO are examples of integrated workshops.

***Overview of the Western European light vehicle IAM***

The Western European light vehicle distribution core aftermarket generated a total revenue of approximately €27.4 billion in 2018. From 2018 to 2025, the overall Western European light vehicle distribution core aftermarket is forecast to grow at a CAGR of 1.4% to €30.1 billion, driven by further organic growth and consolidation opportunities.

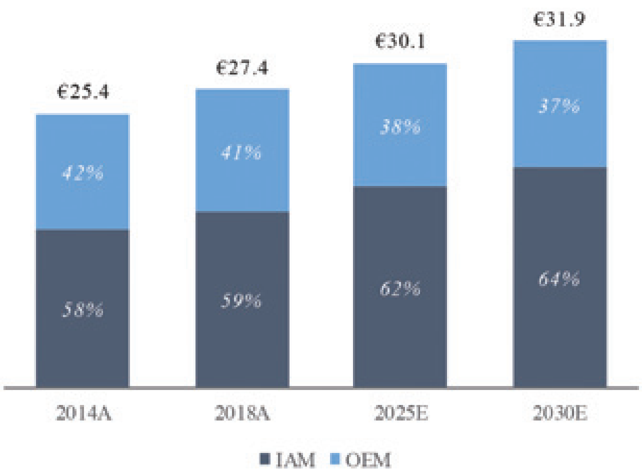
The Western European light vehicle IAM is a large and growing channel of the Western European light vehicle distribution core aftermarket, and tends to be resilient, predictable and fragmented, presenting significant opportunities for consolidation, with high visibility into the future addressable market through operational excellence and economies of scale. From 2018 to 2025, the overall Western European light vehicle IAM is forecast to grow at a CAGR of 1.9% to €18.6 billion. The graphic below shows market sizes as of 2018 and growth forecasts for the 2018 to 2025 period for the light vehicle distribution core aftermarkets and IAMs in each of the countries where we operate, as well as certain adjacent geographies.



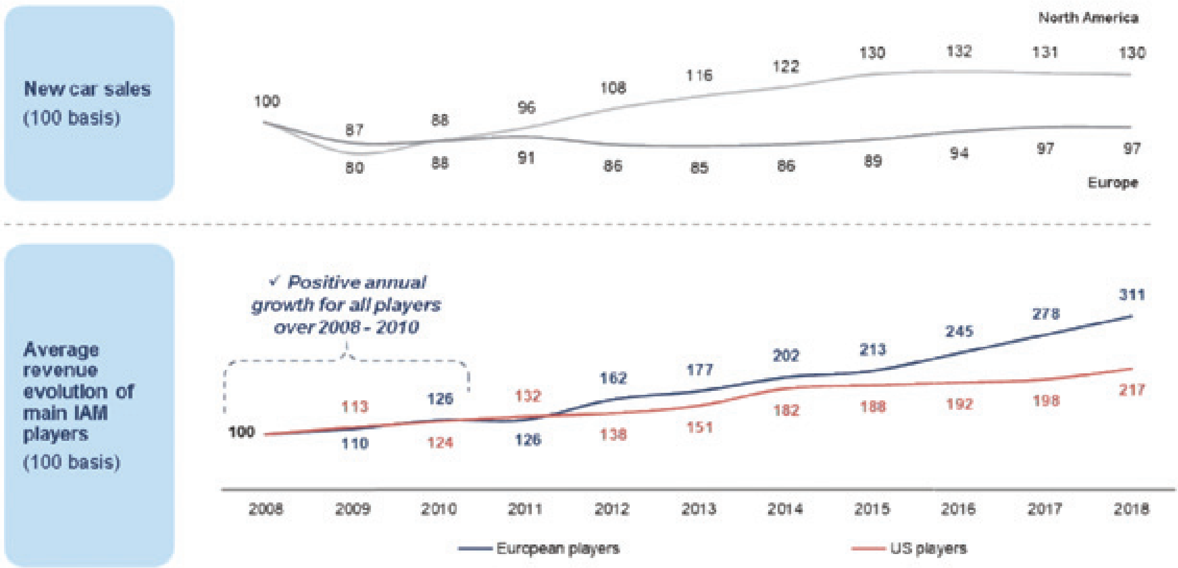

The Western European light vehicle distribution core aftermarket is expected to grow between 1% and 3% in all geographies shown over the 2018 to 2025 period, with growth in the IAMs forecast to exceed or be on par with such growth in each country over the same period.

Between 2014 and 2018, the Western European light vehicle distribution core aftermarket grew at a CAGR of 1.9%, driven in part by an increase in the size of the car parc (as defined below), while the Western European light vehicle IAM gained market share and grew more quickly, at a CAGR of 2.5%, further driven by ageing of a growing number of cars on the road (the "car parc").

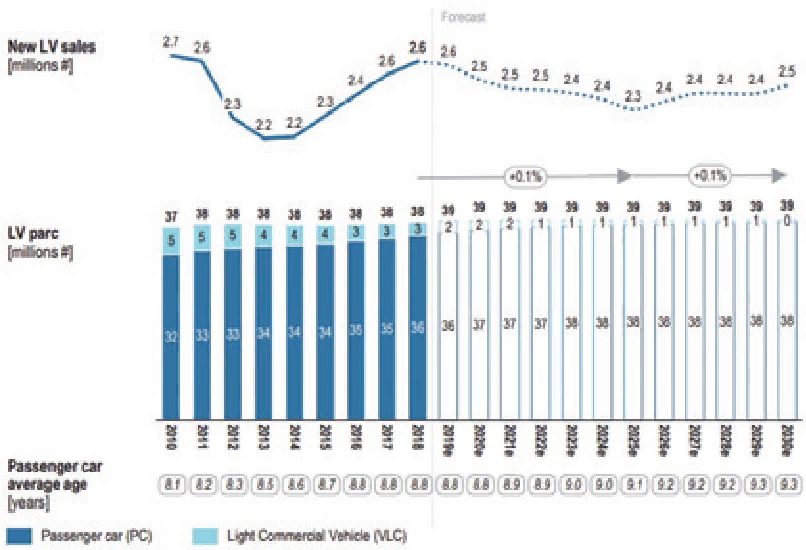
The graphic below shows the historical and estimated future split of market value and market share between OE car dealer networks and IAM distributors in the Western European light vehicle distribution core aftermarket for the periods shown.




The Western European light vehicle distribution core aftermarket tends to be structurally resilient, stemming from the fact that, even when new car sales fluctuate, the installed car parc requires ongoing repair and maintenance, which, generally, favors the aftermarket and, particularly, the price-competitive IAM. In addition, automotive technological evolutions contribute to the resilience of the aftermarket by supporting its growth in value.




As an example of this resilience, the graphic below compares the size of the car parc, new light vehicle sales and the light vehicle distribution core aftermarket in France for the periods shown. The French light vehicle distribution core aftermarket is largely uncorrelated to the new light vehicle sales or economic cycles as it serves a large and steadily-growing installed car parc. For instance, even when new light vehicle sales in France declined, the French light vehicle distribution core aftermarket showed stable growth.



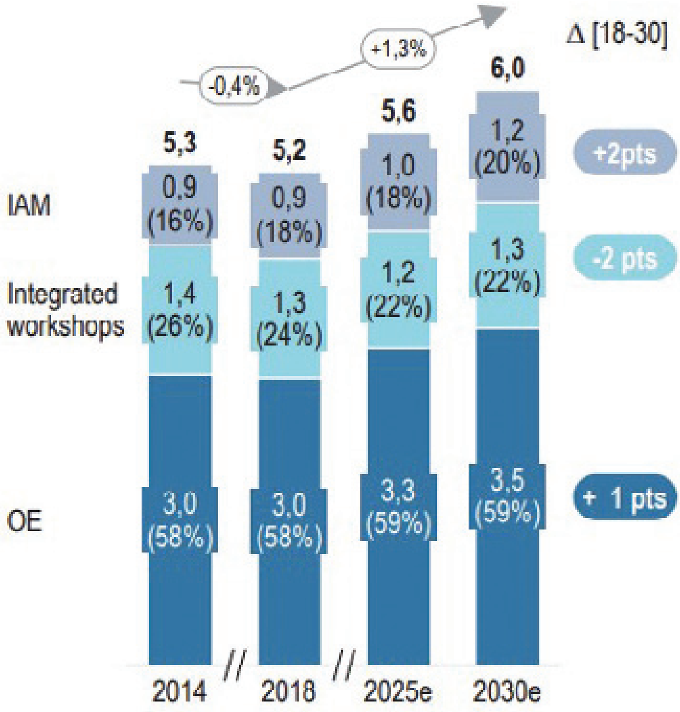

The Western European light vehicle IAM has a high and reliable level of visibility into the future addressable market, due to the fact that its target market is cars aged over five years. Generally, cars aged under five years are covered by warranty and maintenance contracts and are predominantly serviced by OE car dealer networks. As a result, IAM distributors are able to project the car parc that will be serviceable in five years since the size of the car parc, the vehicle types and the installed technology, are already known from the stage of production.

Moreover, the Western European light vehicle IAM steadily and structurally grows in Europe gaining market share over OE car dealer networks. Such growth benefits the light vehicle distribution core aftermarket through the market of aged cars, the flexible and broad multi-brand network coverage and the growing technical expertise.

Finally, the European light vehicle IAM is highly fragmented. In 2018, the top ten players held 17% of market share (in terms of revenue), in contrast with the U.S. light vehicle spare parts market, in which the top ten players (in terms of revenue) held 78% of market share.

*Overview of the truck IAM in France*

We act as an IAM truck spare parts distributor and repairer in France. The truck spare parts distribution and repair core market in France is a mature market that exhibits more cyclicality than the Western European light vehicle spare parts distribution market. The graphic below shows the split between the OE truck dealer networks, IAM networks and Integrated workshops in the truck spare parts distribution and repair core market in France in 2018, including market sizes and growth forecasts for the 2018 to 2025 period and for the 2025 to 2030 period.



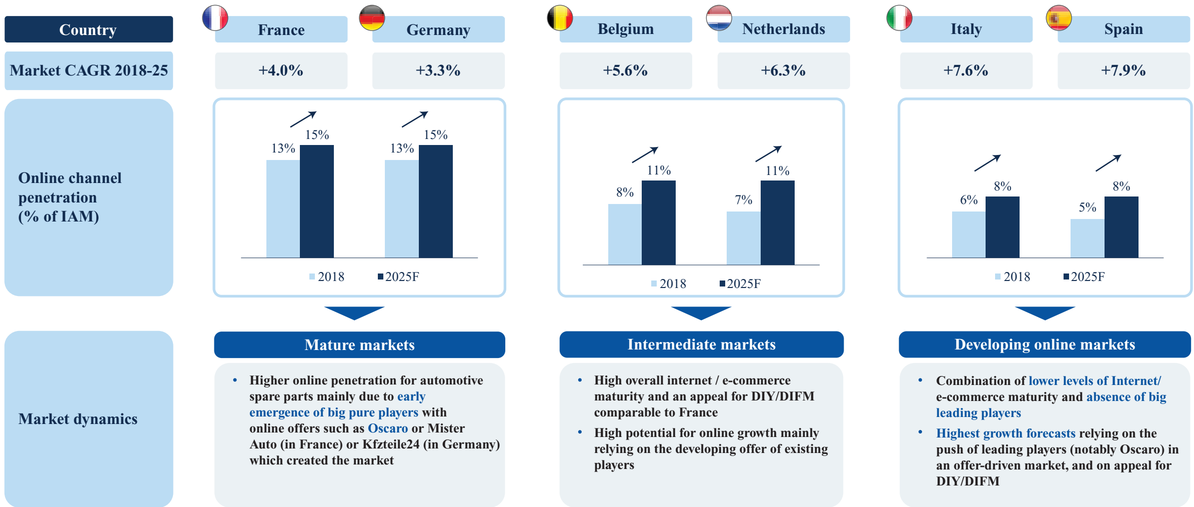

As shown above, IAM held approximately 18% market share of the overall truck spare parts distribution and repair market in France in 2018. The IAM's share of the truck spare parts distribution and repair market in France is expected to grow slightly through 2030. The truck IAM in France is forecast to grow at a CAGR of 1.3% over the 2018 to 2030 period. This growth is compounded with forecasted fleet age decreasing to 2025 as a result of the recovery of new registrations post 2015, followed by an increase in fleet age beyond 2025 to 2030, as well as an increased technical complexity of trucks. This impacts the capacity of integrated workshops to perform in-house maintenance and leads to a loss of shares on certain complex operations while positively affects impacting the extensions of maintenance contracts and guarantees.

*Overview of digital and online distribution*

We act as a spare parts distributor in online B2C via Oscaro. The online market is projected to grow in Western Europe, driven primarily by an increase of online penetration and proactive expansion by large industry players. The key drivers to online penetration are the following: the development of an offer driven market, the overall country internet access, the e-commerce maturity, and the appeal for DIY/DIFM. The different levels of professionalism across B2B (concept workshops and independent workshops) and B2C (DIY Mechanics/ Hobbyists, Consumer/Amateur, DIFM) customers also drive differences in online purchasing behavior. Less complex and more basic parts or consumables generally have the highest degree of online penetration due to the highest product confidence and ease of installation.

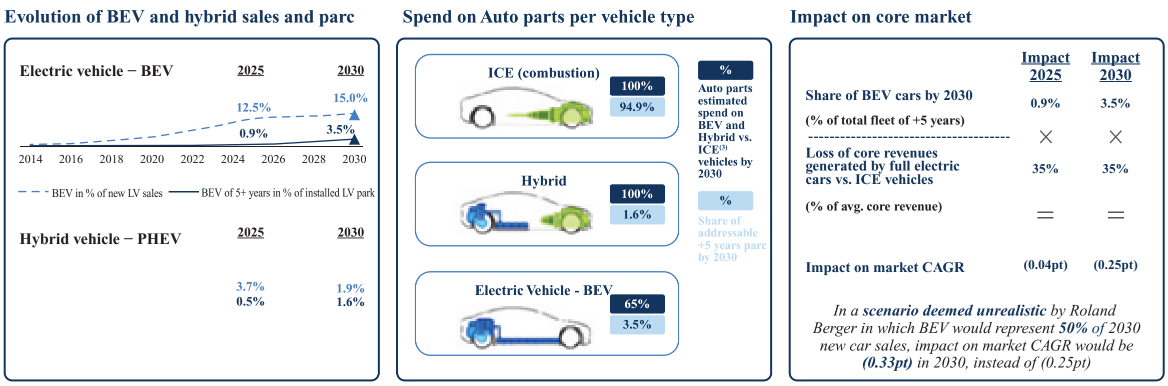
The competitors in online spare-parts distributors are generally categorized in three groups: Broad-based online specialists (such as Oscaro, Mister-Auto and Autodoc), marketplaces (such as Cdiscount, eBay and Amazon) and tire specialists.

The graphic below details the current and forecasted market growth and dynamics of key Western European countries.




### *Overview of impact from future technological evolutions in the automotive market*

The spare parts distribution and repair markets are expected to be impacted by developments in automotive technology, increased mobility, and electrification of the powertrain. The development and market penetration of improved security systems and ADAS are expected to negatively impact collision-based body parts aftermarket volumes over the long term, offset by higher price of components, while breakthrough technologies (sensors for ADAS, LIDAR, LED matrix headlights, carbon fiber bumpers, etc.) lead to significant growth in average parts prices due to complexification (together with trends like wider windshields). Evolution of mobility (such as car sharing, long term leasing) is expected to lead to a growing number and size of vehicle fleets, and increased vehicle mileages. The impact of an increased penetration of electric vehicles on aftermarket will remain limited in the medium term (reduction of moving parts and lower costs of electric components), partially offset by positive impact of hybrid vehicles penetration. The graphics below further detail the potential impact of electric vehicles.




### Market drivers and growth potential

There are four key market drivers in the Western European light vehicle IAM and the truck IAM in France:

- *Size of the parc/fleet*, which refers to the total number of light vehicles or trucks in operation and which is driven primarily by new light vehicle or truck sales;
- *Age of the parc/fleet*, which refers to the average age of light vehicles or trucks in operation and which is driven by the frequency with which older light vehicles or trucks are replaced with new light vehicles or trucks;
- *Prices for spare parts*, which is driven primarily by increasing complexity and sophistication of parts and systems; and

- *Job frequency*, which refers to the frequency with which repairs and replacement parts are needed, which is in turn connected to the number of accidents, the increasing reliability of vehicles and to average mileage.

For further information on the size and age of the car parc, see "*Industry—Overview of the Western European light vehicle IAM.*"

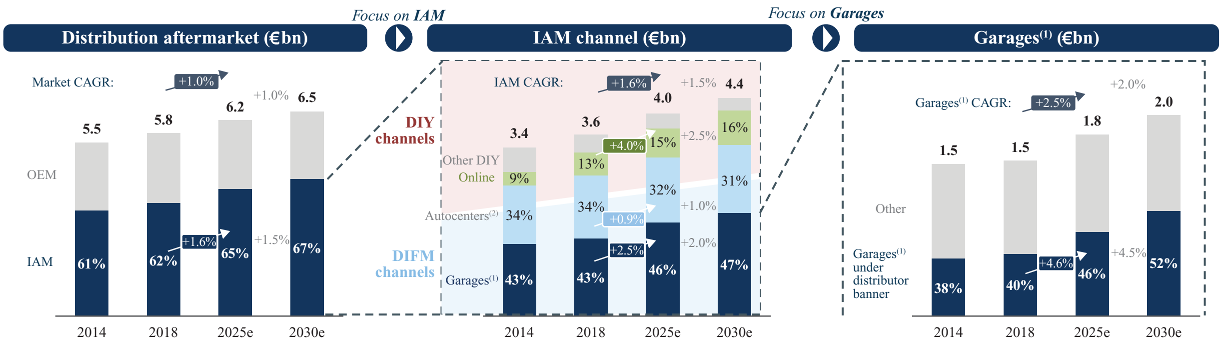
In addition, we benefit from a favorable regulatory environment, which is characterized by deregulation of captive parts pursuant to Commission Regulation (EU) 461/2010 and Commission Regulation (EU) No 330/2010, EU-level initiatives that favor the transition to low- and zero-emission vehicles pursuant to the Paris agreement, increasingly strict French regulation on technical inspections of vehicles as well as potential future regulatory developments that may favor autonomous vehicles. Deregulation of captive parts is expected to occur in 2020. The liberalization of the captive parts will have a favorable effect on the IAM distributors, enabling them to address more vehicles aged nine years and under. A transition to low- or zero emission vehicles, as well as the rollout of autonomous vehicles, both of which could positively impact IAM distributors by increasing the frequency and number of compulsory testing for vehicles in order to meet various emissions standards as well as contributing to a more general trend whereby more complex, "new generation" vehicles drive higher parts prices, as discussed above. Likewise, increasingly strict regulations relating to inspections could also lead to increased volumes of service and repair.

***Market drivers and growth potential of the light vehicle spare parts distribution aftermarket in France***

France is the third largest light vehicle distribution aftermarket in Western Europe. The French light vehicle distribution core aftermarket is large and mature, with revenue of €5.8 billion in 2018, and is forecast to grow at a CAGR of 1.0% over the 2018 to 2025 period, reaching €6.2 billion in 2025. This represents similar growth to the 2014 to 2018 period (1.2% CAGR). Growth of the French light vehicle distribution core aftermarket through 2025 is expected to be supported by car parc growth (forecast to grow at a CAGR of 0.4% from 2018 to 2025, from 38 million units in 2018 to 39 million units in 2025), car parc ageing, increase in average car mileage and spare parts price increases. When vehicles get older and fall outside of the OEM warranty period, customers tend to shift to IAMs, who generally provide more affordable services. IAM garages benefit from increased expertise and professionalization from distributors, who contribute to an overall increase in quality of service through specialized training and technical support.

The light vehicle IAM in France generated revenue of €3.6 billion in 2018 and is growing at a more dynamic pace (forecast CAGR of 1.6% over the 2018 to 2025 period) than both French light vehicle OE car dealer networks (forecast CAGR of 0.2% over the 2018 to 2025 period) and the French light vehicle distribution core aftermarket (forecast CAGR of 1.0% over the 2018 to 2025 period). In 2018, the light vehicle IAM in France held 62% of market share, which is expected to increase at a slightly lower pace to 65% by 2025, driven by the car parc's ageing positively impacting IAM volumes, attractiveness of multi-brand positioning for distribution dealers, garages and consumers and potential regulatory evolution with regard to the liberalization of captive parts.

The graphic below shows the evolution of the French light vehicle distribution core aftermarket for the periods shown.




***Market drivers and growth potential of the light vehicle spare parts distribution aftermarket in Benelux***

The Netherlands and Belgium are the fifth and sixth largest light vehicle distribution aftermarkets, respectively, in Western Europe. The Dutch and Belgian light vehicle distribution core aftermarkets generated total revenue of €1.8 billion and €0.9 billion, respectively, in 2018 and are forecast to grow at a CAGR of 0.5%

and 0.9%, respectively, over the 2018 to 2025 period, reaching €1.8 billion and €1.0 billion, respectively, in 2025. Growth in these markets through 2025 is expected to be supported by slight price increases driven by increasing complexity of parts, in spite of limited expected car parc growth and slightly declining average mileage and job frequency.

The light vehicle IAMs in the Netherlands and Belgium generated total revenue of €1.1 billion and €0.5 billion, respectively, in 2018 and are both growing on par with the Dutch and Belgian light vehicle distribution core aftermarkets (forecast CAGR of 0.7% and 1.1%, respectively, over the 2018 to 2025 period). In 2018, the light vehicle IAMs in the Netherlands and Belgium comprised 60% and 59% of market share, respectively, of their distribution core aftermarkets and are expected to increase slightly through 2025.

***Market drivers and growth potential of the light vehicle spare parts distribution aftermarket in Italy***

Italy is the second largest light vehicle distribution aftermarket in Western Europe. In Italy, the light vehicle distribution core aftermarket is large and mature, with revenue of €6.7 billion in 2018, and is forecast to grow at a CAGR of 1.6% over the 2018 to 2025 period, reaching €7.5 billion in 2025. Growth of this market through 2025 is expected to be supported by car parc growth, increasing car mileage, ageing of the car parc and slight price increases.

The light vehicle IAM in Italy generated total revenue of €4.2 billion in 2018 and is growing at a more dynamic pace (forecast CAGR of 2.8% over the 2018 to 2025 period) than the Italian light vehicle distribution core aftermarket (forecast CAGR of 1.6% over the 2018 to 2025 period).

In 2018, the light vehicle IAM in Italy comprised 63% of market share of the Italian light vehicle distribution core aftermarket, which is expected to increase to 68% by 2025.

***Market drivers and growth potential of the light vehicle spare parts distribution aftermarket in Spain***

Spain is the fourth largest light vehicle distribution aftermarket in Western Europe. We entered the Spanish aftermarket in 2019 through the acquisition of AD-Bosch. Spain represents an area for further potential expansion by us in the future and displays favorable market dynamics similar to the countries in which we are already present. In Spain, the light vehicle distribution core aftermarket generated total revenue of €4.4 billion in 2018 and is forecast to grow at a CAGR of 2.3% over the 2018 to 2025 period, reaching €5.2 billion in 2025. Growth of this market through 2025 is expected to be supported by car parc growth and price increases, while job frequency is expected to remain stable.

The light vehicle IAM in Spain generated total revenue of €2.5 billion in 2018 and is growing on par with the Spanish light vehicle distribution core aftermarket (forecast CAGR of 2.4% over the 2018 to 2025 period). In 2018, the light vehicle IAM in Spain comprised 56% of market share of the Spanish distribution core aftermarket and is expected to remain stable through 2025.

***Market drivers and growth potential of the truck spare parts and repair aftermarket in France***

The truck aftermarket in France generated total revenue of €5.2 billion in 2018. From 2018 to 2030, the truck aftermarket in France is forecast to grow at a CAGR of 1.3%. The growth is driven by forecasted fleet age decreasing to 2025 as a result of the recovery of new registrations post 2015, followed by an increase in fleet age beyond 2025 to 2030, as well as increased technical complexity of trucks, which impacts capacity of integrated workshops to perform in-house maintenance and leads to loss of shares on certain complex operations while also positively impacting maintenance contracts and guarantee extensions.

**Competitive landscape**

There are two principal types of players in the Western European light vehicle spare parts distribution aftermarket: OE car dealer networks and IAM distributors. The OE car dealer network aftermarket is composed of OEM repairers (who are closely connected to the OEMs) and certified repairers. The Western European light vehicle IAM is composed of a large number of small, independent distributors and a limited number of large groups, which incorporate a number of distribution and retail brands. The largest of the groups in Western Europe in 2018 was LKQ/Stahlgruber, followed by GPC/Alliance Automotive Group, WM Trost, us and Inter Cars.

***Competitive landscape in the light vehicle spare parts distribution aftermarket in France***

The light vehicle IAM in France is highly fragmented, with the top two players holding approximately 58% market share and approximately 2,000 small local or regional independent players holding 33% of market share in 2018. In 2018, we held the largest market share among independent players (29%), followed by GPC/Alliance Automotive Group (29%) through its French subsidiaries (Groupauto (16%), Precisium (8%), Partner's (4%), and GEF'Auto (1%)), Groupe IDLP (4%), Laurent (4%) and Aurilis (3%). Additionally, some of the large IAM groups discussed above are also active in France.

***Competitive landscape in the light vehicle spare parts distribution aftermarket in Benelux***

The light vehicle IAM Belgium is relatively consolidated, with the top four players holding approximately 46% of market share. In 2018, LKQ held the largest market share (23%), followed by us (15%), MP (4%) and Auto Binck Group (4%).

The light vehicle IAM in the Netherlands is consolidated, with the top four players holding 79% of market share. In 2018, LKQ held the largest market share (35%), followed by Auto Binck Group (28%), Groupauto (10%) and us (5%).

***Competitive landscape in the light vehicle spare parts distribution aftermarket in Italy***

The light vehicle IAM in Italy is extremely fragmented, with the top three players holding only 16% of market share, with the remainder held by independent distributors and "jobbers" (the Italian market includes "jobbers" (*ricambisti*) who act as an additional layer in its distribution chain between distributors and garages). In 2018, LKQ held the largest market share (10%), followed by us (4%, including OVAM, Ricauto, G-Group and Top Car), Datacol (2%) and Giadi Group (2%).

***Competitive landscape in the light vehicle spare parts distribution aftermarket in Spain***

The light vehicle IAM in Spain is extremely fragmented. In 2018, we (including AD Parts) held the largest market share (30%), followed by Lausan (5%), Cecauto and Grupo Davasa (3% each).

***Competitive landscape in the light vehicle spare parts distribution aftermarket in Germany***

The light vehicle IAM in Germany is quite consolidated, with the top five players holding approximately 69% of market share. In 2018, LKQ held the largest market share (27%), followed by WM (24%), Alliance Automotive Group (8%), Matthies (6%) and Hess Automobile (4%).

***Competitive landscape in the truck spare parts distribution and repair aftermarket in France***

There are three types of players in the truck aftermarket in France: OE truck dealer networks, IAM networks and integrated workshops. Similar to the light vehicle aftermarkets, OE truck dealer networks are connected to an OEM and are focused on newer vehicles, generally aged under five years and within their warranty period. DAF, Iveco, Man, Mercedes Benz, Renault Trucks and Volvo are examples of OE truck dealer networks. Truck IAM networks may operate under a banner (that is, they are affiliated with or owned by wholesalers) or may be pure independents, and generally focus on trucks aged over five years. AD, TVI and Groupauto are examples of truck IAM networks.

In France in 2018, the top four players (in terms of revenue) held 45% of market share in the truck IAM, led by Groupauto and G-Truck/Top Truck (18%) and followed by AD (12%), TVI (8%) and Todd (5%).

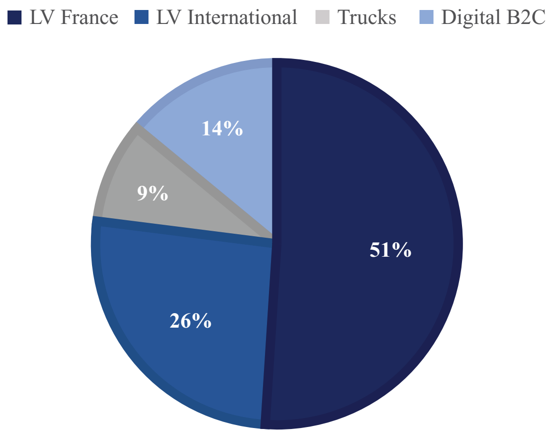
## BUSINESS

### Overview

We are a leading aftermarket light vehicle spare parts distributor and truck spare parts distributor and repairer in Western Europe, mainly active in France, Benelux, Italy and Spain, with over 55 years of experience. Since the acquisition of Oscaro in November 2018, we have become an "omni-channel" (online and offline) distributor in the business-to-business ("B2B"), business-to-consumer ("do it yourself") ("B2C (DIY)") and business-to-consumer ("B2C") segments. We hold strong regional positions in favorable markets, supported by our unique operational model and value-added services proposition, our history of organic growth and value-accretive acquisition-led growth as well as our strong financial profile. For the twelve months ended March 31, 2020, we generated revenue of €1,782.9 million, an Adjusted EBITDA—IFRS 16 of €197.8 million and a Pro Forma Adjusted EBITDA of €219.9 million.

We are the market leader in the light vehicle IAM in France, with the largest independent single-branded distribution network and 29% market share (in terms of revenue) in 2018, and in the truck IAM in France, with the largest independent distribution network and 18% market share (in terms of revenue) in 2018. We also hold leading positions around the rest of Western Europe and, in 2018, we were the second largest light vehicle IAM distributor in both Belgium and Italy (21% and 4% market share, respectively), the fourth largest light vehicle IAM distributor in the Netherlands (5% market share) and we had entered the Spanish light vehicle IAM with the acquisition of 75.1% of AD Bosch in 2019, a leading B2B distributor in Catalonia with approximately 27 sites as of December 2019, and a member of AD Parts, the leading light vehicle IAM distributor in Catalonia, Spain, with 30% market share in 2018.

We operate our business through four operational segments which address the light vehicle independent aftermarket in France ("Light Vehicle France"), certain light vehicle independent aftermarkets in Benelux, Italy and Spain ("Light Vehicle International"), the digital activities of Oscaro ("Digital B2C") and the truck independent aftermarket in France ("Trucks"). The pie charts below show the breakdown of our revenue by segment for the year ended December 31, 2019.




Our distribution is carried out by a variety of wholly-owned distributors, AD-affiliated distributors and local wholesale distributors who distribute our products to a variety of customers, including AD-branded garages, independent garages, retail locations and online players. Our operational model is founded on our excellent relationships with suppliers, state-of-the-art fully-integrated logistical platforms, an extensive Western European distribution network and a broad and loyal base of customers to which we deliver a wide range of value-added services.

### Our strengths

***Leader in the resilient, predictable and structurally growing Western European market***

We are the market leader in the light vehicle IAM in France (29% market share in 2018 in terms of revenue) and we hold leading positions around Western Europe (based on a study commissioned by us in 2019). In 2018, we were the second largest light vehicle IAM distributor in both Belgium and Italy and the fourth largest light vehicle IAM distributor in the Netherlands and we entered the Spanish light vehicle IAM with the acquisition of 75.1% of AD Bosch in 2019, the leading light vehicle IAM distributor in Catalonia, Spain. We operate in the Western European light vehicle distribution "core" aftermarket that is structurally resilient in the face of macroeconomic factors that impact the broader automotive industry and distribution markets. While new car sales tend to fluctuate with economic cycles, the light vehicle distribution core aftermarket benefits from a steadily growing installed car parc and the recurring need for maintenance and repairs to be made to the existing car parc, irrespective of downturns in the economy. New car sales only account for a small portion of the overall car parc. Approximately 2.6 million new cars were sold in France in 2018, compared with a car parc of approximately 38 million cars in total. Moreover, in economic downturns customers generally favor IAM distributors, such as us, over OE distributors due to longer car ownership, as new car sales decrease, as well as increased price-sensitivity. For example, after a sharp decline at the end of March and beginning of April 2020, the French light vehicle spare parts market showed resilience and a significant recovery at the beginning of May 2020, also due to a generalized decline in the use public transport as a result of the COVID-19 pandemic, which favored car usage.

The IAMs in which we operate show particular strength and growth potential due to two long-term market dynamics: a stable, slightly increasing Western European car parc and an increase in average vehicle age which are expected to drive growth in the number of cars that need service by light vehicle IAM distributors like us in the coming years. Between 2014 and 2018, the Western European light vehicle distribution core aftermarket grew at a CAGR of 1.9%, driven in part by an increase in the size of the car parc, while the Western European light vehicle IAM grew more quickly and gained market share, at a CAGR of 2.9%. The French light vehicle distribution core aftermarket revenues and light vehicle IAM revenues are forecast to grow by 1% and 1.6% over the 2018 to 2025 period. The Western European light vehicle IAM is also expected to continue outperforming both the broader market and its OE car dealer network competitors in the 2018 to 2025 period. The existing car parc's age and mileage increase due to growing mobility needs, including car sharing or long-term leasing, and increasing the need for maintenance and repair. In France, the average mileage per passenger vehicle has grown steadily by approximately 1% per year over the 2011-2016 period. We believe that we will be well positioned to take advantage of this evolution of mobility as distributors associated with a large garage network, such as us, are expected to be partners of choice of fleet managers.

Light vehicle IAM distributors also have the benefit of a high level of visibility in terms of the future addressable market of cars needing service and repair. The addressable market for the light vehicle IAM is cars aged over five years. Generally, cars aged under five years are covered by warranty and maintenance contracts and are predominantly serviced by OE car dealer networks. As a result, we can project the size and composition of the car parc that will require service in the five to ten-year range because car parc size, vehicle types and installed technology are known from the point of production. We generally service cars over a long period of time (from five to twenty years), which may require multiple repairs and parts replacements over their lifespan. We distribute parts for cars that span the entire car parc, covering a wide range of makes and models, giving us a wider addressable market compared to our OE car dealer network competitors who generally distribute parts for cars from just one manufacturer.

***Well-known light vehicle and truck spare parts distributor with critical scale in a fragmented Western European market***

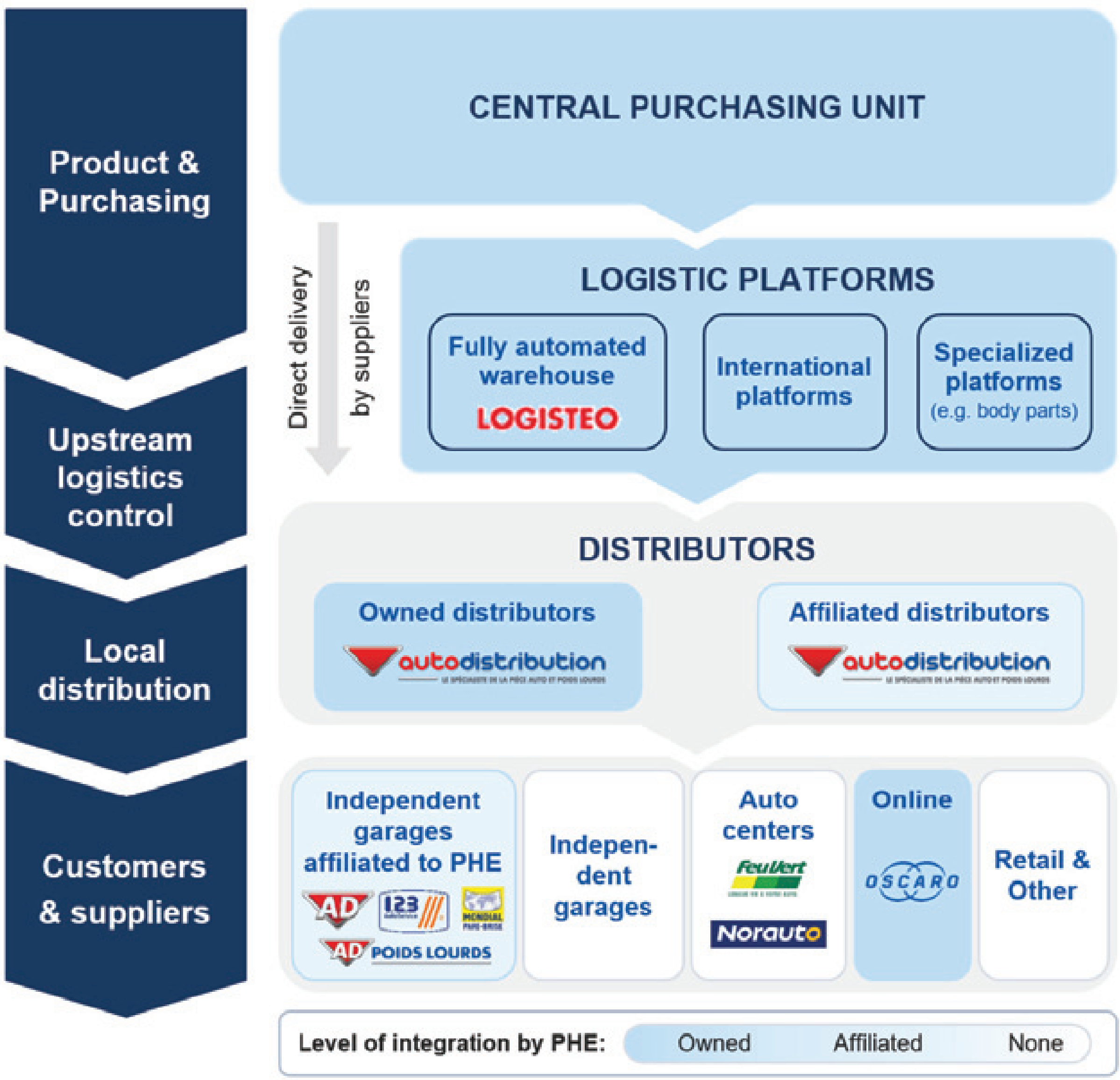
In addition to the Western European light vehicle distribution core aftermarket being highly attractive, economies of scale favor larger distributors such as ourselves. Extensive logistics, technology and network investments are necessary to service a broad and fragmented customer base seeking the supply of several million SKUs for rapid and continuous delivery and the difficulty in building sufficient brand awareness and long-term relationships with suppliers that are necessary to negotiate competitive pricing. As a result, suppliers can secure more business when going through us to distribute their products as they can access a wide range of customers, and therefore they also benefit from our scale. The necessary investments to deliver economies of scale in our market also present a barrier to entry to competitors in a currently fragmented market. The Western European light vehicle distribution core aftermarket is fragmented with the top 10 players in Europe representing approximately 17% of the market in 2018, which also provides significant potential for consolidation, giving an edge to large distributors, such as ourselves, who are able to service the entire value chain and make strategic acquisitions.

The increasing technical complexity of spare parts in the automotive industry is also favorable to us. The higher complexity and value of repair operations are difficult to manage by small independent aftermarket players without support and technical assistance from expert distributors such as ourselves and drives a strong and structural increase in spare parts prices and margins. Future technological evolutions are partly driven by the increasing popularity of hybrid and electric vehicles and of mobility and connectivity services. We forecast that 5.1% of addressable cars will be electric or hybrid by 2030. We also believe that by 2030 up to 1.1% of addressable cars will benefit from automated driving systems which will result in higher prices of components for these vehicles. Furthermore, as a result of the focus on safety and aesthetics, light vehicle body parts have improved in quality, from steel-made to aluminum and carbon fiber-made products, which has also increased prices of the body parts that we distribute. A carbon fiber bumper, for example, is four times more expensive than the current glass fiber bumpers.

We are able to combine the significant advantage of having a well-known and trusted core brand with the ability to use affiliated garage networks to target specific markets. Our superior brand awareness is evidence of our strong positioning in the IAMs in which we operate. According to an independent third-party survey conducted in France in 2017, the "Autodistribution" brand enjoyed the highest brand awareness among its light vehicle distributor peers in France, with 92% brand awareness (including unprompted awareness of 74% and prompted awareness of 18%). The second ranking player in France had only 37% brand awareness. The "Autodistribution" brand also had a net promoter score of 59% in 2017; the two second ranking players had net promoter scores of 31%.

*Differentiated and successfully integrated omni-channel business model*

One of our key strengths is our control over the value chain through our omni-channel operational model that delivers superior product availability and best-in-class delivery lead times. Our distribution is carried out by a variety of wholly-owned distributors, AD-affiliated distributors and local wholesale distributors who distribute our products to a variety of customers, including AD-branded garages, independent garages, retail locations and online players. Our ability to control the value chain from suppliers, through logistics and distribution, to customers has a strong impact on margins. For example, our automated platforms enable us to centralize more flows, which in turn generates logistics fees from suppliers. Generally, the logistics fees we charge to suppliers are greater than the logistics costs we incur. Our unique operational model is founded on our long-standing relationships with suppliers, state-of-the-art fully-integrated logistical platforms and an extensive Western European distribution network. We have a broad and loyal customer base to whom we deliver a wide range of value-added services. We have also been able to adapt this business model to the markets in which we operate. We have also been able to adapt this business model to our markets in Belgium and Italy, where distribution is organized in three steps with "jobbers" acting as intermediaries between distributors and B2B end-customers (these jobbers are our direct customers instead of garages).




Our model is based on the distinctive, dual proposition of distributing products to customers coupled with providing value-added services (many of which are digital or online services) to both suppliers and customers. To suppliers, our scale offers a unique access to a wide, diversified and fragmented customer base, which suppliers are not able to efficiently address themselves. We have built long-term relationships and enjoy significant purchasing power with a strategically concentrated group of suppliers, with whom we can leverage our scale to obtain excellent purchasing conditions for our CPUs. Through this supplier concentration strategy, we have rationalized our supplier relationships, reducing our number of suppliers from 293 in 2010 to approximately 260 in 2019. We also offer suppliers a number of value-added services, such as marketing support and access to our state-of-the-art automated warehousing capabilities which allow suppliers to arrange deliveries to a single delivery point.

To customers, we provide a comprehensive product offering and best-in-class delivery times (h+2 delivery time on 90% of B2B customer demand) combined with value-added services, such as commercial, technical and training support, strong and integrated branding and online tools. As a result of our combined product and services offerings, we are a "one-stop" shop to our customers, which we believe strengthens customer loyalty and drives market share gain. Unlike many of our competitors, our product range is not limited to certain OEM or original equipment suppliers ("OES") parts or to certain types of products. Our product offering covers approximately 600,000 SKUs (excluding Oscaro) across the spare parts universe, including repair and maintenance parts, body parts, repairer equipment, oil, tires, consumables and accessories. Additionally, we have developed our own private label brands: ISOTECH, Xenergy and Requal, which allow us to offer premium grade products approximately 20% to 30% cheaper than our OEM counterparts and to efficiently target the older part of the car parc which is subject to a higher price sensitivity. The ongoing centralization of sourcing across our private label brands allows us to generate higher margins on our private label products compared to third-party branded products, despite the lower price of the former. We are also well positioned to address mobility shifts, in particular with our customers involved in fleet management, through which public fleets play an increasingly important role. With our state-of-the-art logistics platforms and extensive range of value-added customer service solutions, we are well positioned to meet the needs of fleet operators who look to external supply and fleet management on a large scale.

In recent years, we have been systematically improving our distribution models for our Light Vehicle France and Trucks segments, thereby complementing our supplier concentration strategy and strategic investments in our automated logistics platforms. We are currently finalizing the implementation of a new distribution model for our Trucks segment which has allowed us to grow our network of affiliated garages and to reorganize our former network of 125 distribution sites around 10 regional warehouses as of December 31, 2019, which can better focus on distribution to local sites, owned and independent garages and integrated workshops. As a result of this reorganization, we have been able to better utilize our large network and unique range of value-added services to meet customer demand and we became the only player in the French truck spare parts market able to serve our full range of customers with two daily deliveries made within four hours.

***Comprehensive approach to digital solutions in the B2B market***

A number of our services to suppliers and customers are digital or online services, including our B2B online order portals, such as Autossimo, Truckissimo and Salto, and our e-book, online training offerings (through Grup Eina) and multi-brand online diagnostic tool (Diag'issimo). Our B2B car repair and maintenance portals increase the integration of our distribution business with our technical support capacities, helping us increase customer loyalty. We also offer online tools for our customers' clientele, such as the ID Garages online portal, which allows drivers to schedule maintenance appointments, compare prices and receive quotes for work to be performed on their vehicles. These services and tools enable our customers to expand their business.

Our approach to capturing the advantages created by an increasingly digitalized ecosystem stretches across every level of our business. We use digital tools to bolster our value-added services offering to suppliers and customers, expand our product offering, address a growing online customer base and digitize our operational model. We therefore believe we are well-positioned to benefit from the increasing importance of the digital marketplace, which is the fastest growing independent aftermarket distribution channel in France and grew at a CAGR of 11.4% between 2014 and 2018.

We have also made deep and long-standing investments to increase our web dealer customer base and gain exposure to the online distribution market. As part of this strategy, we acquired ACR in 2014 and Doyen Auto in 2016, two distribution platforms dedicated to web dealers. We accelerated this market penetration strategy at the end of 2018 with the acquisition of Oscaro.

***Strong growth potential through our B2C (DIY) and B2C businesses***

In November 2018, we became a direct player in the web dealer market and entered into the online B2C distribution market through our opportunistic acquisition of Oscaro, the leader in online sales of light vehicle spare parts in France. Oscaro's acquisition allowed us to become a truly "omni-channel" distributor in France and the only multichannel B2C (DIY) player in the independent aftermarket auto parts distribution sector in Europe. In 2019, we served approximately 2.5 million customers in France, Spain, Belgium and Portugal, received approximately 12,000 orders a day and a portfolio of approximately 1 million SKUs through Oscaro. Oscaro has a strong leadership in the growing French online light vehicle spare parts aftermarket with an approximate market share of over 47% in 2019, mainly due to its customer loyalty and high brand awareness. Oscaro was the first entrant in the online distribution market in France and benefits from an outstanding brand awareness in France due to its compelling value proposition and expertise (approximately 62% awareness, which is more than three times as much as its closest competitor on the online distribution market).

Oscaro's leading market share, superior purchasing terms and, following its integration within the Group, competitive price strategy positions it well to compete against generalist online players. The automotive spare parts distribution business requires a very detailed product offering, a highly technical catalog and data repository, to address a wide range of parts for a multitude of vehicles of various brands, that generalist online players have difficulty offering as they primarily focus on consumables. In addition, they cannot replicate the purchasing terms we obtain through our win-win partnerships with suppliers.

***Successful track record of delivering organic growth supported by accretive acquisition strategy,***

With over 55 years of experience in our industry, we have built the relationships, infrastructure and know-how that we believe are critical to success in the Western European light vehicle and truck IAMs. Our revenue grew from €968.6 million in the year ended December 31, 2015, to €1.8 billion in the year ended December 31, 2019, with an average organic growth of approximately 3.5% per annum over the period. Over the same period, profitability also grew. In the year ended December 31, 2015, Adjusted EBITDA was €83.1 million and Adjusted EBITDA margin was 8.6%. In the year ended December 31, 2019, Adjusted EBITDA—IFRS 16 increased to €202.0 million and Adjusted EBITDA—IFRS 16 margin was 11.2%. The average organic growth in Adjusted EBITDA was approximately 6.3% per annum over the 2015 to 2019 period.

Our organic growth has been supported by various factors, such as the development of our distribution model (which has bolstered our offering to customers, thus leading to market share gains), our exposure to fast-growing channels (such as web dealers), our successful recruiting of new branded garages, the development of our private-label offers, improved purchasing conditions obtained through our supplier concentration strategy and our distribution network optimization strategy. In recent years we have demonstrated stable organic growth overall, particularly in the resilient light vehicle IAM, as a result of good purchasing conditions with suppliers, network rationalization, recruitment of approximately 70 AD branded garages (net) per year from 2010 to 2019 with a churn rate of less than 5% and the disposal of non-core assets. Our model is based in part on the delivery of value-added services to both suppliers and customers. These value-added services not only generate fees from suppliers but also promote loyalty from customers, helping us grow our market share.

In addition, we have a strong track record of pursuing value-enhancing acquisitions and successfully realizing synergies with such targets. In the past six years, we have made 13 sizeable acquisitions. We acquired over €800 million in revenue through acquisitions since 2014, of which the 2014 acquisition of ACR in France accounted for approximately €92 million, the 2016 acquisitions of Doyen Auto in the Netherlands and Automax in France collectively accounted for approximately €174 million, the 2017 acquisitions of ADB in Belgium, OVAM, Top Car and Ricauto in Italy and Mondial Pare-Brise in France collectively accounted for approximately €147 million, the 2018 acquisitions of Geevers in the Netherlands, G-Group in Italy, Verviers Freins in Belgium and Oscaro in France collectively accounted for approximately €355 million and the 2019 acquisition of AD Bosch in Spain accounted for an annualized revenue of approximately €62 million.

Each of these acquisitions has been supported by a clear external growth strategy focused on neighboring European countries with similar car parcs to France and targeting strong local leaders with potential to quickly generate purchasing synergies, align interests with management, expand the reach of our operations and increase exposure to fast-growing segments and markets. We have a strong track record of successful integrations in our Group, and our acquisitions have demonstrated favorable pre- and post-synergy EBITDA acquisition multiples (calculated as enterprise value divided by EBITDA) as well as our ability to grow revenue and EBITDA following an acquisition:

- *ACR*: pre-synergy EBITDA acquisition multiple of approximately 8x, as compared with post-synergy multiple of approximately 4x;
- *Doyen-Auto*: pre-synergy EBITDA acquisition multiple of approximately 12x, as compared with post-synergy multiple of approximately 5x;

- *Mondial Pare-Brise*: pre-synergy EBITDA acquisition multiple of approximately 9x, as compared with post-synergy multiple of approximately 6x; and
- *OVAM, Ricauto and Top Car*: pre-synergy EBITDA acquisition multiple of approximately 10x, as compared with post-synergy multiple of approximately 7x.

In addition, we implemented various initiatives following our acquisition of Oscaro and brought Oscaro back to profitability in the third quarter of the year 2019 and reaching positive EBITDA for the full year 2019. These initiatives were part of a comprehensive turnaround plan addressing Oscaro's key issues through increased client communication, PR and marketing spend and the implementation of full client and suppliers overdue payment and full customer refund plans. In addition to these immediate actions taken following the acquisition of Oscaro, we sought to further enhance Oscaro's profitability through purchasing synergies, supply chain and delivery optimizations and competitive pricing. We also sought to increase Oscaro's integration to our Group's culture and governance by strengthening its management team and implementing clear processes.

***A strong financial profile delivering an attractive combination of resilient growth, margin improvement, low capital expenditure and high cash conversion***

We have grown our revenue from €968.8 million in the year ended December 31, 2015, to €1.8 billion in the year ended December 31, 2019. This reflects a CAGR of 17.0% between the years ended December 31, 2015 and 2019, with average organic growth of approximately 3.5% per annum over the 2015 to 2019 period.

We increased our Adjusted EBITDA from €83.1 million in the year ended December 31, 2015, to €154.4 million in the years ended December 31, 2019. Pro forma Adjusted EBITDA for the twelve months ended March 31, 2020, which illustrates the effects that acquisitions would have had if such acquisitions had taken effect on April 1, 2019 was €219.9 million.

We operate a business model that requires a relatively low capital expenditure, using rented facilities without needing to own or maintain extensive physical infrastructure. During the year ended December 31, 2019, our capital expenditures amounted to 2.2% of our revenue and consisted of maintenance expenditures for our distribution facilities and upgrades to our sales and warehouse IT management systems. Our low level of capital expenditures has been stable in recent years, with capital expenditure for the years ended December 31, 2017, 2018 and 2019, at 2.2%, 2.2% and 2.2% of revenue, respectively (excluding Logisteo for the year ended December 31, 2017). Our low levels of maintenance capital expenditure requirements have allowed us to invest in our business in order to maintain our leading market positions and improve operating efficiency, as well as achieve deleveraging through EBITDA growth and cash generation. Our cash conversion rate was 47.4% for the year ended December 31, 2019, as compared with 89.9% and 50.9% in the years ended December 31, 2017 and 2018, respectively.

***Experienced and successful management team with strong support from our sponsor***

We operate under the stewardship of an experienced and successful management team with a proven track record in European B2B distribution and international expansion, coupled with a supportive sponsor. Our CEO, Mr. Stéphane Antiglio, and CFO, Mr. Christophe Gouthière, have a proven track record in developing and implementing turnaround and growth strategies. Mr. Stéphane Antiglio is the former CEO of Pomona Passion Froid, the frozen food distribution branch of Pomona. Mr. Christophe Gouthière was previously European CFO of the Dole Group, a leading distributor of fresh fruit and vegetables. Our CEO and CFO are supported by an experienced management team and, together, they have successfully implemented profit improvement initiatives and integrated thirteen new businesses into the Group in the last seven years. For example, our management team successfully integrated ACR in 2014 and Doyen Auto in 2016, realizing higher purchasing and cost savings and revenue enhancements than those identified at the time ACR and Doyen Auto were acquired. Our management team has also delivered consistent organic growth while expanding margins, rolling out the implementation of Logisteo and pursuing successful expansion into new geographies, products and channels.

Additionally, our management team has implemented a comprehensive and sustainable human resources policy aimed at achieving the right balance of a profitable business mindset, global strategy and cooperative social environment and we were awarded the "2019 Best Employer" distinction by the French magazine Capital in 2018. We believe that the success of our management team in completing our profit improvement plan and returning our business to profitable growth since 2010 has laid a solid foundation for further growth and increased profitability. The support, investment experience and sector expertise of our sponsor, Bain Capital, supplement the leadership and expertise of our management team.

## Our strategy

Our strategy is to continue growing organically by leveraging our history of operational excellence that focuses on offering a superior supplier and customer experience, to become the key consolidator in the fragmented markets in which we operate by using our proven approach to M&A and to develop our online segment and our position as a fully multi-channel player.

In terms of organic growth, we intend to grow revenues and continue to outperform the markets in which we operate by continuing to apply and enhance our operational model based on a fully-integrated supply chain and the distinctive suite of value-added digital and commercial services that we offer to our customers and suppliers. In particular, we intend to capitalize on our value-added services in order to differentiate ourselves from our competitors, increase customer loyalty and gain market share.

In terms of M&A-led growth, we are focused on improving Adjusted EBITDA in terms of absolute value and Adjusted EBITDA margin. In order to do this, we put increasing focus on executing value-accretive M&A transactions and successfully and efficiently integrating acquired businesses into the Group.

In terms of our multi-channel approach, we intend to continue to grow our online product offering in France and in other markets and to strengthen our position in the B2C (DIY) segment.

### *Continue to reinforce our distribution models to gain market share on the French light vehicle IAM*

In recent years, we have been systematically improving our distribution model for our Light Vehicle France segment, thereby complementing our supplier concentration strategy and strategic investments in our automated logistics platforms. We aim to improve operational efficiency, enhance customer service, rationalize flows and optimize inventory and warehousing. We focus on offering higher availability of more SKUs at the regional level, while maintaining excellent delivery times.

For example, since 2014, we have redesigned and refined our Light Vehicle France distribution model, moving from a large number of delivery sites acting as intermediaries between suppliers and our logistics platforms and garage customers, to a more precisely deployed network of regional pivot sites that connect suppliers and our logistics platforms with local delivery sites, which are strategically located to address customer demand. A key component of this strategy is our ongoing efforts to grow our affiliated network of garages. In 2017, we further enhanced our Light Vehicle France distribution model by introducing a fully automated national logistic platform (Logisteo) that enabled same-day stock deliveries to distributors in France. Logisteo allowed us to significantly improve our distribution model by increasing the consolidation of our supply flows to a single delivery point from 18% in 2014 to 64% in 2018 resulting in approximately 30% gain in productivity.

We expect that our new model will further improve distributor performance with optimized inventory levels and SKU availability and an increased ability to adapt our offer to local customer requirements, leading to an enhanced customer experience. We continue to seek ways to optimize our operations and business model to further improve delivery times , quality of service and availability of products, each of which are expected to help us gain greater market share in the geographies where we operate.

### *Increase exposure to higher growth businesses*

In recent years, we have undertaken specific steps to focus on and penetrate superior growth businesses in the aftermarket spare parts distribution market: online web dealers, body parts and windshields. We have developed our online presence with external web dealers through the acquisitions of ACR and Doyen Auto, two platforms focused on web dealers, to become their expert distribution partner. We believe that business with web dealers present superior growth opportunities, and we intend to further increase our exposure to these customers in the coming years. For example, we established a key account unit between ACR and Doyen Auto to focus on web dealers. Our strategic partnership with Oscaro, launched in 2013, was also part of this strategy. We then increased our presence in the online distribution business when we acquired Oscaro in November 2018, and we have engaged in a strategic plan to become a European leader in online automotive spare parts by consolidating our position in France and in Western Europe, mainly Spain, Belgium and Italy, with a focus on EBITDA generation.

We also believe that the body parts and windshield segment represents a high growth business. Following significant market share gains in this segment, we invested in the development of the Cora distribution platform in France and in 2018 completed the acquisition of Geevers, a body parts specialist in the Netherlands. We also entered the windshield segment through our acquisition of Mondial Pare-Brise in 2017, a retail business focused on glazing repair, and have focused on the development of a sizeable presence in France, reaching 324 workshops in 2018. We intend to expand the reach of our current platforms and develop a distribution service to external glazing repair players by leveraging our scale and purchase expertise. In addition, we intend to pursue the development of Mondial Pare-Brise, aiming to add 15 Urban Master Centers in large cities in France by 2025.

***Continue to improve our purchasing, pricing and logistics capabilities***

We intend to continue to leverage the strength of our CPU by increasing the share of purchases from referenced suppliers, notably from acquired companies outside of France. We aim to pursue the optimization of our supplier relationships and to further improve purchasing terms with our growing negotiating power due to our European scale and our optimized logistics, while maintaining a sufficient number of suppliers to avoid undue reliance on any particular suppliers. We also see further opportunities to concentrate our supply flows and plan to select no more than two or three suppliers per product or sub-category of product in the near future. We expect that this strategy will continue to improve product availability and profitability.

In addition, we intend to continue expanding our private label offerings, by deepening our sourcing in Asia while maintaining high quality standards. We also intend to introduce private label offerings in our acquired businesses and ensure supplier concentration. Our expansion strategy for our private label offerings is expected to optimize production costs, while increasing volumes sold per SKU and allowing us to negotiate improved purchasing conditions with the suppliers of these products, in turn leading to profitable growth through margin expansion.

***Reinforce cost efficiency initiatives at both local distribution and central and administrative levels***

We operate a fully-integrated supply chain that connects our strategically concentrated group of suppliers to our CPUs and state-of-the-art logistics platforms, through to an extensive distribution network that serves more than 70,000 customers with deliveries several times per day and with best-in-class delivery times. We intend to build on our history of operational excellence by continuing to integrate and rationalize our supply chain to improve cost efficiency. We believe this approach will help us maintain and further enhance our strong and unique positioning as a central distribution intermediary for all value chain levels and to reinforce our role as an important link between parts suppliers and customers. Based on the value that we have extracted from operational improvements in recent years, we believe that continual improvements to our supply chain will contribute to increased market share and expanded margins. For example, our increasing use of centralized, automated platforms simplifies the delivery processes for our suppliers by offering them a single delivery point. We also offer suppliers a range of innovative value-added services such as marketing tools and intelligence, online support tools, payment guarantees and a centralized invoicing system with simplified back office support, all of which help suppliers grow their own business while creating greater efficiencies through simplified tracking, delivery, monitoring and payment solutions. We believe that these services represent advantages that are a “win-win” proposition for us and our suppliers, differentiating us from our competitors.

We are also pursuing increased integration of our supply chain, which is based on two flows of spare parts: a “direct delivery flow” from suppliers to distributors and a “platform-based flow” through our logistics platforms. In the year ended December 31, 2019, 64% of our products were distributed via our logistics platform, as compared with 18% in 2010, representing an improvement that we intend to pursue by further developing our platform-based flow. This approach is expected to improve product availability and delivery times while being cost efficient and generating favorable financial conditions for us, due in part to the higher logistics fees which we can apply in this context, and which we expect will lead to higher margins, as the logistics fees received from suppliers generally exceed the related costs of operating the logistics platforms. In particular, our new, automated platforms, such as Logisteo, generally offer a doubled capacity for SKUs as well as doubled processing capacity, allowing us to offer more SKUs from a wider range of product lines and suppliers. We will pursue this strategy by encouraging new suppliers to make deliveries through the platform flow from the outset as well as by having existing supplies expand the breadth of their range offered through our platform-based flow.

In addition, we believe that our extensive distribution network is a key part to our success. We employ a cost-conscious approach to manage our distribution network, constantly focusing on improving network efficiency and coverage, while minimizing or eliminating redundancies wherever possible. For example, in our Light Vehicle France segment, we are currently focused on ongoing upgrades to our real estate parc and improvements to the size and coverage of our footprint of distribution sites in France. When and where necessary, we remodel, close or consolidate sites. We also work to lower and rationalize downstream logistics costs by maximizing the square footage of our sites and by modernizing our logistics and monitoring functions, such as through the increased use of bar coding and the creation of a dedicated logistics department. In our Trucks segment, we are implementing an improvement plan that is focused on closing low- and non-performing sites in the context of a broader profit-focused effort to optimize our distribution network.

***Pursue the consolidation of Western Europe markets via targeted acquisitions and diversify our presence in existing markets by leveraging our integration track record to deliver maximum profitability potential***

In recent years, we have implemented a number of successful acquisitions, demonstrating the strength and discipline of our M&A process. This M&A process is centered around careful evaluation of potential targets, which are usually selected from local leaders that offer significant purchasing synergies. Through strategic acquisitions, we have penetrated new geographies, for example through our acquisitions of Doyen Auto and AD Bosch, which allowed us to expand into Benelux and Spain, respectively, as well as broaden our reach or product offering in the countries in which we already operate, for example through our acquisition of Mondial Pare-Brise, which allowed us to offer a full range of windscreen replacement products in France. In addition, through the acquisition of Oscaro in France, we have penetrated the B2C (DIY) segment and strengthened our position in the e-commerce market. We intend to leverage our market knowledge to continue to roll-out Oscaro to our markets outside of France.

We intend to continue making strategic, value-accretive acquisitions in the short and the medium term, including in certain geographies adjacent to the countries in which we operate. We intend to focus on new geographies where the car parcs are similar enough to those in which we are already active to realize synergies and where we can effectively use our logistics platforms and distribution networks.

We also intend to consolidate our leadership in the countries where we are already present, building on areas of strength and taking advantage of the fragmented nature of these markets. We believe that the consolidation of these markets will accelerate following the COVID-19 crisis, driven by small players that we believe are likely to have been impacted by liquidity constraints to a greater extent than ourselves. We further intend to leverage our expertise in our Light Vehicle France segment to expand and diversify our presence in other countries by undertaking proven successful initiatives. For example, we are in the process of strengthening the Autodistribution brand in Belgium and the Netherlands, expanding our product range in Italy, notably in our private label offerings and body part product range, and growing our online penetration with high-momentum customers such as web dealers in Belgium.

***Build on Oscaro's successful turnaround to deliver strong and profitable growth***

Our digital services are a key factor that differentiate us from our competitors. We intend to continue growing our digital offering in order to capitalize on this competitive advantage. Following the strategic acquisition of Oscaro in November 2018, the leading online seller of light vehicle spare parts in France, we implemented a comprehensive turnaround plan which allowed us to bring Oscaro back to profitability in the third quarter of 2019, strengthened our online distribution channel and allowed us to become an "omni-channel" aftermarket spare parts distributor in France. We estimate that the full year effect of the acquisition of Oscaro would represent a contribution to our Adjusted EBITDA—IFRS 16 of approximately €21 million for the year ended December 31, 2019, after taking into account the run-rate impact of our turnaround plan for Oscaro already completed (approximately €7 million) and of additional cost optimization measures and purchasing synergies to be implemented (approximately €10 million), including overhead and supply chain cost reduction and new growth initiatives.

We intend to build on Oscaro's successful turnaround to deliver our online growth strategy and become a leading European auto parts online retailer with sustainable margins by 2025. Our strategy consists in strengthening Oscaro's position in France by reinforcing its position on current categories, developing new categories, such as commercial vehicles, and by improving the customer experience through the website but also with a better customer service throughout the delivery chain. We also intend to improve Oscaro's profitability by optimizing supply chain costs and leveraging our scale. Furthermore, we also intend to expand Oscaro's presence internationally by capturing profitable growth in Spain and Belgium and launching local websites in Germany, Italy and the Netherlands, starting in 2021. Finally, we intend to support Oscaro's strategic development plan by implementing several IT initiatives such as the introduction of an advanced CRM, the improvement of financial flows traceability and reporting and the setting-up of middle office capabilities.

***Finalize operational transformation to consolidate our leading position in the Trucks segment and increase our margins***

We are focused on operational improvements in our Trucks segment and we have finalized the implementation of a new distribution model in 2019 which allowed us to grow our network of affiliated garages and to reorganize our former network of 125 distribution sites around 10 regional warehouses focused on distribution to local sites, owned and independent garages and integrated workshops. As a result of this reorganization, we are better able to utilize our large network and unique range of value-added services to meet customer demand. We also became the only player in the French truck spare parts aftermarket that is able to serve customers with two daily deliveries made within four hours.

We intend to further consolidate our leading position in the Trucks segment and increase our margins in this business. We aim to expand the coverage of our AD Poids Lourds network to 250 repair service and distribution sites by 2025. In addition, we intend to introduce new products and services and focus on key accounts while undertaking targeted pricing initiatives. Finally, a key element of our strategy is the ongoing implementation of our new distribution model to improve efficiency and customer service in our Truck segment. We believe that these measures will allow us to consolidate our leading position in the Trucks segment and increase our margins.

***Maintain a positive social environment to recruit and retain talent by focusing on development opportunities***

We believe that attracting and retaining talented people is critical to our success and believe that the key to attracting and retaining talented employees is offering development and growth opportunities in the context of a positive social environment. We have focused our management strategy on achieving the right balance of a profitable business mindset, a global strategy and a cooperative social climate. We intend to maintain our strong corporate culture with a human resources strategy that focuses on creating and sustaining an experienced, motivated and stable workforce. In order to do this, our human resources strategy is, and will continue to be, organized around four pillars: (i) successful talent recruitment, supported by marketing events, educational collaborations and digital initiatives, (ii) development of employees through training partnerships, e-learning and talent appraisal and evaluation processes, (iii) a cost-efficient approach to benefits through payroll monitoring, unified compensation policies, profit sharing mechanisms and favorable social protection schemes and (iv) the development of a positive social environment through automation, continuous improvement of working conditions, investments in work spaces and workforce rationalization.

## History

We were founded in 1962 to formalize the cooperation among a number of existing independent light vehicle aftermarket distributors and quickly became a key operator in France, providing a link between original equipment suppliers and spare parts suppliers on the one hand, and garages, local spare parts distributors, body shops, fast-fitters and car centers on the other hand. In 1983, we expanded our footprint throughout France, both at the distributor level and the garage level, by forming our network of wholly-owned distributors and in 1985, rolling out our concept of a network of branded garages that comprised key customers that operate independently from the Group. We launched our truck business in 1988 to supply spare parts for trucks, tractors and trailers. We were the first independent distributor network of spare parts for trucks in France.

We have continued expanding our logistics platforms, distribution network and our products and services offering in France through organic growth and strategic acquisitions. For example, we enhanced our logistics platforms and expanded our offering to include body parts through the acquisitions of Cora, a leading independent French distributor of light vehicle parts for collision repair in 2005, and Bremstar, a distributor with a logistics platform dedicated to truck parts for maintenance and repair, in 2008. Between 2012 and 2017, we acquired a number of French light vehicle and truck distributors including Gobillot Rhône (previously Ensemble), FPLS, Rougon Queyrel, Electro Diesel Service, ADB, API Marne, API Aube and acquired a minority stake in Société Lyonnaise de Pneumatiques et Accessoires. In 2017, we purchased Mondial Pare-Brise, a French auto glass repair network expanding into a product range that complements our existing offering and in 2018 we purchased Oscaro, a French online distributor of light vehicle spare parts. We also distribute our own private label product offerings, ISOTECH (rolled out in 2001), Requal and Xenergy, which feature spare parts, such as batteries, brake pads, lubricants, water pumps and headlights.

We have also expanded into complementary channels and to address new customer bases. For example, we have progressively enhanced our online offering. We created the Autossimo online B2B light vehicle repair and maintenance web portal in 2000 and the Truckissimo online B2B truck repair and maintenance web portal in 2001. As another example, in 2014, we acquired ACR, a specialized distributor in France of light vehicle spare parts and, in 2016, Doyen Auto, a Belgium-headquartered distributor of aftermarket light vehicle spare parts, enabling us to become a leading distributor to online players, and to expand our platform to serve our key customers. We also created www.idgarages.com, which allows customers to locate and compare garages and schedule service appointments online, and has led to the development of our relationships with web dealers.

We also have a history of successfully acquiring and integrating strategic targets in adjacent geographic markets. In 2007, our previous shareholder introduced the business into the Polish market by purchasing three local distributors that operated as the key distributors for our Polish subsidiary, AD Polska. In August 2017, our current management made a strategic exit from the Polish market as part of our network rationalization strategy, divesting AD Polska to Rhiag Group. In 2017, we entered the Italian market with the creation of a joint company, Autodis Italia Holding S.r.l., with three Italian distributors, OVAM, Top Car and Ricauto, and in 2018, we acquired G-Group, an independent spare parts distributor in Italy. In 2016, we acquired the Doyen Auto Group, allowing us to expand into Benelux and in 2018 we acquired Geevers and Verviers Freins, further expanding our operations in Benelux. In 2019, we acquired a 75.10% stake in AD Bosch for a consideration of €48.1 million which enabled us to enter the Spanish market. AD Bosch is a leading B2B independent spare parts distributor in Catalonia with approximately 27 sites as of December 2019. AD Bosch is one of the largest members of AD Parts, a leading independent auto parts network of purchasing, distribution, manufacturing and services in Iberia that regroups approximately 27 independent affiliated distributors. AD Parts comprises approximately 490 distribution centers in Spain and Portugal and has historically demonstrated a strong growth track record, gaining market share from its competitors.

We have also developed and implemented operating strategies designed to increase our revenue, reduce our leverage, costs and capital expenditures and improve margins. These strategies include the introduction of a new management team in 2010, the implementation of a profit improvement plan, the revision of distributor margins and the rollout of fully-integrated logistics platforms such as Logisteo. For example, we have revisited our previous centralized approach and have now implemented a transparent model with a rationalized distribution network, which has led to higher customer loyalty.

We were acquired by our current principal shareholder, Bain Capital, in 2015. Since 2015, we have diversified and internationalized our business with new product and channel offerings and expansions into adjacent geographies.

## Our operational model

### *Procurement and suppliers*

Our procurement strategy is organized around suppliers, our CPUs and our private label offerings, ISOTECH, Requal and Xenergy.

*Central purchasing units*

Our CPUs buy aftermarket spare parts, equipment and tools from suppliers. We use our CPUs to monitor customer purchases across our network and to adjust our product portfolio in order to meet customer demand. We seek to buy in large quantities so that the savings made by buying in bulk offset the costs associated with maintaining inventories at our warehouses.

*Suppliers*

Our key suppliers are OESs. We have cultivated long-term relationships with most of our suppliers. Our suppliers are geographically diversified, based across France (Valeo), Italy (Filtrauto), Germany (Bosch, Knorr-Bremse and Schaeffler), Sweden (SKF) and the United States (Gates, Tenneco and TRW Automotive). This approach to sourcing allows us to cover the full portfolio of products that our customers seek, while retaining control over our relationships with suppliers and optimizing our sourcing across multiple countries.

Our leading market position, large-scale operations, large purchasing volumes and centralized purchasing approach provide us with significant purchasing power, which we use to negotiate volume rebates and fees with our suppliers. These rebates and fees lower the purchase price we pay by 15% to 20% and include service and logistics fees charged by us to suppliers as well as end-of-year volume rebates, strategic rebates and AD International rebates applied by suppliers. For example, our logistical capabilities enable suppliers to make deliveries to a single point, allowing us to charge suppliers logistics fees which are generally greater than the logistics costs that we incur. Moreover, we benefit from a competitive pricing policy in relation to suppliers, the price of spare parts being indexed to that of equivalent OEM spare parts and thus reflecting inflation.

Suppliers also benefit from their relationship with us, which provides them with increased volumes and offers a number of value-added services, in exchange for a fee, as well as unique access to our customer base. The fees paid by suppliers constitute approximately 15% to 21% of the total fees received from suppliers

The services that we offer to our suppliers are focused on improving these suppliers' efficiency and promoting their products and include:

- Marketing tools: we offer information about suppliers' products to customers and promote suppliers' products, including in connection with new product launches.
- Online support: we include references to suppliers' products in our online portals (such as Autossimo, Truckissimo and Salto), which help increase brand and product awareness for suppliers and generate orders.
- Invoicing and back-office support: we offer a central ordering, purchasing and invoicing system and suppliers benefit from having a single invoicing counterparty and from payment guarantees.
- Market intelligence: we give suppliers access to our market data.

In addition to the services described above, we also give our suppliers access to ADI, a purchasing group of aftermarket distributors, which we founded. ADI has 24 members, of which we are the leader, accounting for 23% of purchases, while the second largest member accounts for 21% of purchases. In 2019, ADI generated €6.9 billion in revenue and was present in 40 countries. ADI works with 40 suppliers, 415 distributors (who have access to 2,891 distribution outlets) and 9,900 AD-branded garages across 20 countries. ADI benefits members by giving them enhanced negotiating power with major suppliers, allowing them to operate under a common brand, enabling them to share know-how and offering support services such as diagnostic tools and a technical hotline. ADI benefits suppliers by giving them access to an international network of distributors with high sales volumes and extensive customer coverage, giving such suppliers high levels of visibility into the market.

In 2019, we worked with 260 main suppliers (as compared with 293 suppliers in 2010) and our top ten suppliers provided approximately 50% of our products by volume (as compared with 35% in 2010). In 2019, our top three suppliers provided 26% of our products by volume and no supplier other than the top three suppliers provided more than 5% of our products by volume. We are one of the top three clients of Bosch, Schaeffler and Federal Mogul and are Filtrauto's number one client.

We select our suppliers via tender procedures for each product category that we distribute. When selecting our suppliers, we take into account the quality and price of the spare parts or products, as well as the supplier's ability to deliver items within the deadlines required. For example, we select our brake and battery suppliers every three years. We generally enter into annually renewable contracts with our suppliers, which include standard terms and conditions, such as supply specifications regarding lead time, frequency of deliveries, packaging and performance target and rebates.

*Private label offerings*

In addition to our procurement activities described above, we distribute products from our own private label offerings, ISOTECH, Requal and Xenergy, whom we source from manufacturers to which we subcontract production.

ISOTECH is a high quality product line we relaunched in 2008 to cover the French market, which offered approximately 3,500 SKUs for the light vehicle aftermarket as well as truck parts for maintenance and repair in 2019. ISOTECH's product offering is focused on the older part of the car parc and truck fleet (i.e. vehicles aged over eight years) and ISOTECH's offering is comprehensive, covering most of the needs of the car parc. We offer competitive pricing on ISOTECH products to customers by giving a discount to prevailing market prices. Despite these lower prices, we benefit from more attractive margins on ISOTECH products as compared with third-party branded products. Additionally, the ISOTECH product line serves a strategic response to certain of the pricing pressures created by web dealers. The penetration rate of the ISOTECH offering has been growing steadily. In 2015, we expanded the ISOTECH offering to include equipment, which we source from Asia, while carefully monitoring product quality and lead times. Revenue from ISOTECH equipment has grown substantially since the creation of the offering, reaching €5.0 million in 2019 compared to €0.6 million in 2015. In 2019, ISOTECH products represented approximately 5% of our total sales and approximately 9% of our light vehicle sales in France.

Requal is a product line of light vehicle spare parts, such as brake pads and wiper parts, that is focused on price-competitive products for cars aged four years and older and that covers the Benelux market. We acquired the Requal brand in connection with our acquisition of the Doyen Auto Group in 2016.

Xenergy is our private label covering the Italian market that is CE certified, composed of these 9 family products: Brakes, Shock absorbers, Batteries, Bulbs, Alternators / Starters, Wipers, Water pumps, Filters, Lubricants. Xenergy has now reached €8 million of annual turnover with an average margin of 40%.

***Upstream logistics control***

The flow of products purchased by our CPUs is mainly managed by our logistics platforms. Our upstream logistics control model is state-of-the-art, featuring automated central warehouses that have enabled us to reduce costs while improving product availability and delivery times. Our logistics platforms have the following key responsibilities:

- *Inbound logistics*: accepting incoming products from suppliers and monitoring compliance with negotiated specifications.
- *Stocking*: determining the shelf space to be allocated to each product and shelf placement in accordance with turnover indices and product size. The proper placement of products within the dedicated space is crucial to optimize available space.
- *Picking, packing and outbound logistics*: space management allows us to maximize efficiency in locating and retrieving products from the shelves and assembling orders of outgoing products. If products have not been previously packaged by the suppliers, our logistics platforms are able to carry out this activity.
- *Shipping*: organizing and monitoring transportation.

Our logistical operations include two flows of spare parts: a direct delivery flow from suppliers to distributors and a platform-based flow through our logistics platforms. In the year ended December 31, 2019, 64% of our products were distributed via our platform-based flow, as compared to 18% in 2010. Our strategy is to further develop the platform-based flow because it drives improved product availability and delivery times and leads to favorable financial conditions for us, such as higher logistics fees applied by our suppliers.

The transport of products from our logistics platforms to our distribution network is carried out through independent carriers. Our logistics department is responsible for setting performance targets and related incentives and penalties for third-party carriers, while continuously monitoring the performance of carriers in order to improve customer service. We plan and monitor product flows through our IT systems. We lease, rather than own, most of our logistics platforms, thereby limiting our permanent investment in fixed assets.

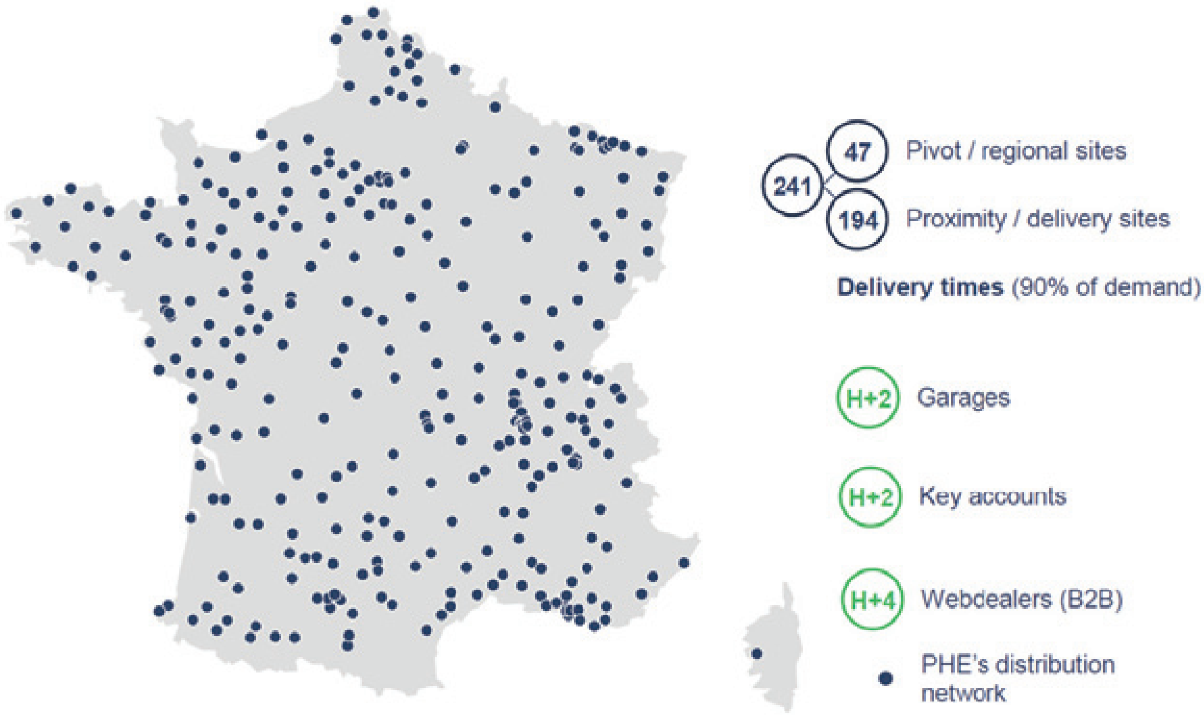
Our Light Vehicle France segment is serviced by three logistics platforms: Logisteo (our automated warehouse), ACR (focused on key accounts and online customers) and Cora (focused on light vehicle body parts for collision repair). Our Light Vehicle International segment is serviced by different logistics platforms: Doyen Auto and Geevers (covering Belgium and the Netherlands as well as certain online customers), OVAM/Ricauto and G-Group for body parts (covering Italy) and AD Bosch (covering Spain). Our Trucks segment is serviced by one logistics platform, Bremstar.

***Local distribution***

Our local distribution model includes wholly-owned distributors ("wholly-owned distributors") and independent distributors affiliated with us ("affiliated independent distributors"), as well as local wholesalers who are not affiliated with us and online players.

Our distribution network in France is dense and allows us to offer customers premium solutions and services. In the light vehicle spare parts distribution aftermarket, our dense distribution network enables us to keep products close to customers and make up to six deliveries per day to most customers. As a result, distributors are able to provide their customers with best-in-class delivery lead times, with deliveries to garages generally able to be made in under two hours when necessary, deliveries to key accounts generally able to be made in under two hours when necessary or one business day and deliveries to web dealers generally able to be made within four hours or one business day. The density of our local distribution network also gives us the ability to negotiate with key accounts at a national level.

The map below shows our distribution locations in France, with a focus on the French Alps region to demonstrate how we deploy a mix of regional hubs, local distribution sites and proximity collection sites.

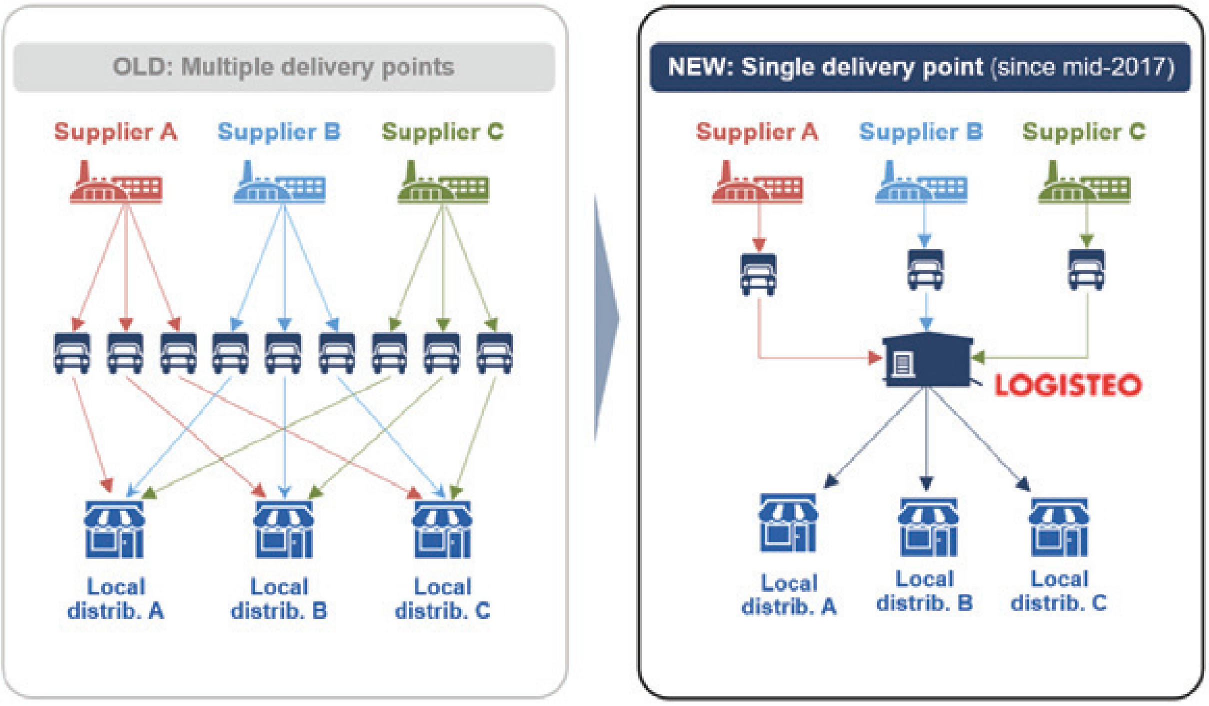



As of December 31, 2019, we operated a network of 31 wholly-owned distributors and 53 affiliated independent distributors in France. These distributors operated out of approximately 487 owned and affiliated distribution locations as of December 31, 2019, overall, making us the largest independent single-branded light vehicle spare parts distribution network in France and enabling us to cover 90% of customer demand and 90% of spare parts.

Our contractual arrangements with our affiliated independent distributors include agreements and commercial contracts, which are negotiated every seven years and which were last renewed on April 13, 2015. Pursuant to our affiliation agreements, our affiliated independent distributors agree to operate under the Autodistribution brand and to receive our support services in exchange for a membership fee. Our CPUs enter into commercial contracts with both our wholly-owned distributors and our affiliated independent distributors, which include the same purchase conditions and volume discounts for both affiliated independent distributors and wholly-owned distributors. Our affiliated independent distributors receive a loyalty bonus if the purchases made through our CPUs account for at least 84% of their overall purchase volumes, with an average of almost 90% of affiliated independent distributor purchases being made through our CPUs in 2019. Additionally, we pass on a portion of the rebates we receive from suppliers to our affiliated independent distributors and our wholly-owned distributors pass on a portion of the rebates to the garages to which they sell. Our wholly-owned and affiliated independent distributors also benefit from belonging to a single brand. We involve our wholly-owned and affiliated independent distributors in governance and decision-making through an annual steering committee.

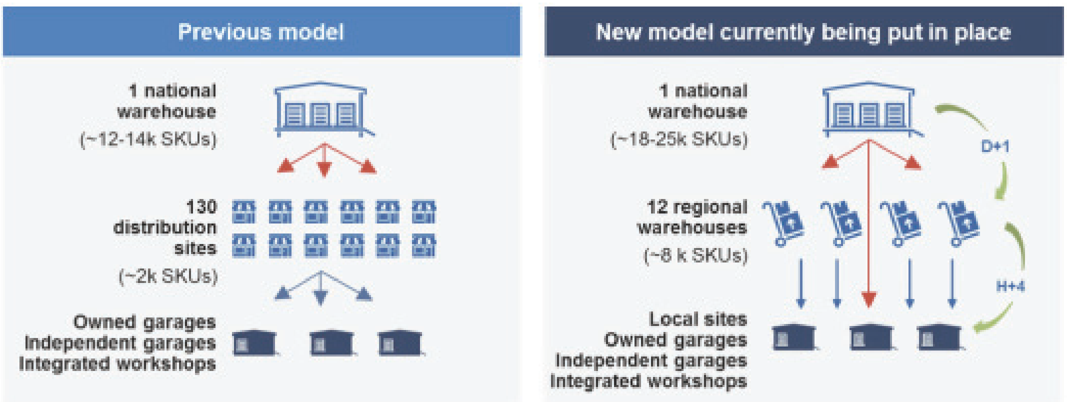
In recent years, we have redesigned our Light Vehicle France distribution model to improve our operational efficiency, enhance customer service, cover multiple regions with small regional platforms ("pivot sites"), rationalize flows and optimize inventory and warehousing, focusing on offering higher availability of more SKUs at the regional level and with excellent delivery times.

The graphic below compares our Light Vehicle France distribution model as it operated before 2014 with our current distribution model. This new model leads to the consolidation of supplies in a single delivery point, from 17% in 2010 to 64% in 2020, and therefore generating lower suppliers transport costs and overall serving costs, which are shared between the Group and its suppliers.




We are currently making similar changes to the management strategy and distribution model in our Trucks segment. We have reduced our number of truck spare parts distribution regions to seven (as compared with ten in 2016), by closing certain loss-making locations and merging other locations in order to reduce overlaps. We are in the process of expanding our AD Poids Lourds-branded garages, having recruited 110 AD Poids Lourds on 2019, with the objective of reaching 250 distribution and repair sites, including 150 AD Poids Lourds garages, by 2025. We are also working to rationalize our AD Poids Lourds network by closing certain loss-making locations and merging other locations in order to reduce overlaps.

In addition, we are also in the process of redesigning our truck spare parts distribution model, with ten platforms already deployed and three more expected to be deployed by the end of 2020. The graphic below compares our truck spare parts distribution model as it operated before 2017 with the distribution model that is being implemented.




Source: Company information

Our new truck spare parts distribution model has increased the number of regional warehouses to 10 as of December 31, 2019 (as compared to six in 2017), leading to higher product availability at regional level, stocking 25,000 SKUs exclusively for trucks.

The redesign of our distribution models is part of a larger project that we have undertaken to modernize our networks. Other components of this effort include the rationalization and upgrading of our real estate parc, with the consolidation of the number of locations to 228 in 2019 (excluding recently opened proximity, OTC locations) (as compared to 230 locations in 2014) and the rationalization of our storage capacity (from approximately 356,000 square meters in 2014 to approximately 335,000 square meters in 2017), the modernization of our logistics platforms, with 100% of our platforms now using bar codes for inventory management and the creation of a dedicated logistics department, and the modernization of our monitoring systems, with the implementation of performance and operational indicators. The efforts have had a positive impact, as evidenced by an increase in revenue per employee (from €225,000 per employee in 2014 to €245,000 per employee in 2019).

***Customers***

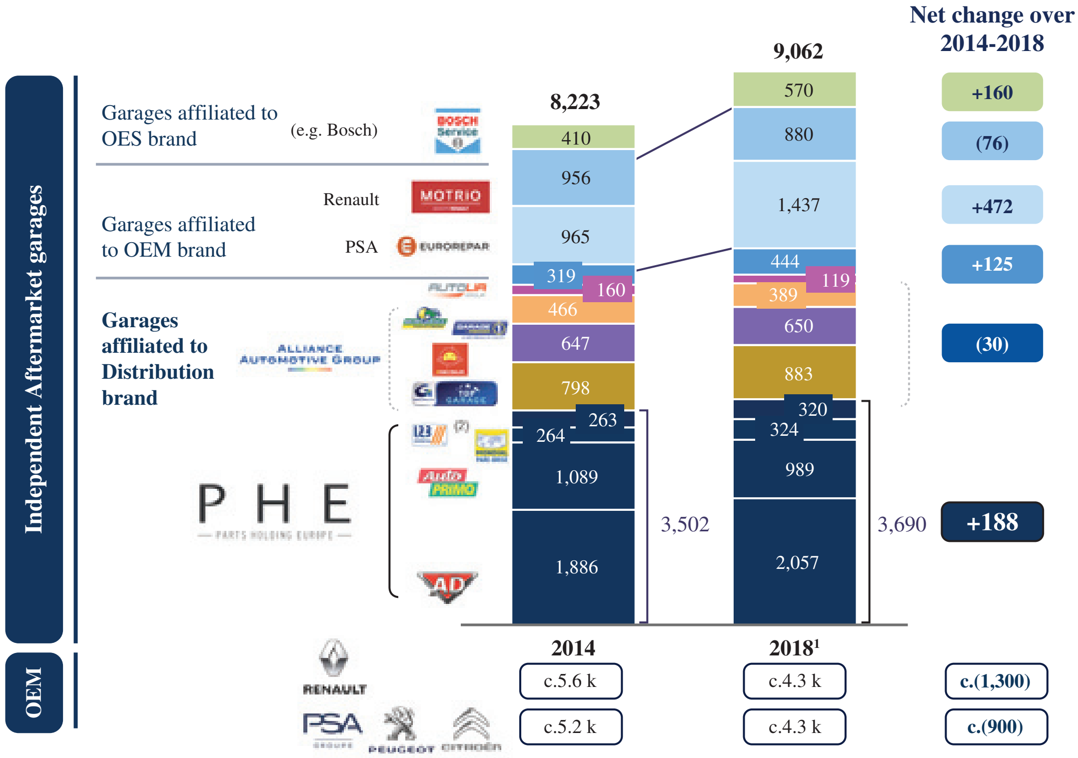
Our local distribution networks distribute parts, equipment and tools to our light vehicle customers, including garages, body shops, fast-fitters, online operators and integrated workshops, some of which we are affiliated with (but, in the case of our light vehicle activities, not owned by us) and operate under our brands ("branded garages") and others of which are independent (with no formal affiliation with us and sometimes affiliated with an OEM), as well as our key accounts. Our truck spare parts distribution customers are garages, certified repairers/agents, integrated workshops and key accounts. Our truck repair and maintenance customers, served through our wholly-owned garages, are truck fleet owners and operators and integrated workshops.

In 2019, we distributed products to 62,846 regular professional customers in France. As of December 31, 2019, there were 3,673 branded garages in our customer network. In 2019, garages represented 38% of our customer base, followed by wholesalers (27%), retail (21%), online (2%), key accounts (5%). Other customers represented 7% of our customer base in 2019.

Our principal customers are garages. We distribute products to independent garages (including those that are affiliated with OEMs) as well as to the AD-branded garages, including AD Expert (with approximately 1,394 points of sale in 2019), AD Poids Lourds (with approximately 228 points of sale in 2019, of which 70 were wholly-owned by us), AD Carrosserie (primarily serving independent body shops, with approximately 678 points of sale in 2019), Auto Primo (primarily serving rural and semi-rural repair shops, with approximately 1,039 points of sale in 2019) and Mondial Pare-Brise (offering auto glass repair at approximately 326 locations in 2019).

We enter into agreements with independent garages, pursuant to which they become AD-branded garages and receive enhanced service and support from us in exchange for a membership fee and our wholly-owned and affiliated independent distributors are designated as their preferred distributors of spare parts. Our branded garages in our light vehicle activities are not owned by us. Joining the AD brand allows garages to remain independent while gaining the benefit of accessing our services and the commercial terms that we have negotiated with suppliers.

We also benefit from our network of branded garages, which made us the largest and the fastest growing light vehicle garage network in France in 2017 after PSA, during the years 2014 to 2018, as shown in the graphic below.




Our total network included approximately 4,000 branded and affiliated garages in 2019, of which 3,156 were in France and the remainder were in Benelux, Italy and Spain. Additionally, our network of branded garages provides us with a reliable source of orders since branded garages agree to purchase a minimum amount (generally 70%) of their products from us per year and also pay fees to us in exchange for certain value-added services.

We also distribute products to retail and other outlets such as Midas, Euromaster and Speedy and to certain "key accounts" that have a national presence (such as Feu Vert, Norauto and Auto 5). Our key accounts represent an increasing share of our revenue. In 2014, sales to key accounts represented €44 million of our revenue and in 2019, they represented €45.6 million of our revenue. We also distribute our products to web dealers (such as Mister Auto). Our sales to web dealers account for an increasing share of our revenue.

We offer a one-stop-shop scheme designed to match our customers' needs, which vary according to customer type. For example, our garage customers, focused on maintenance and body parts, rely on distributors because they need to be able to provide services quickly to their customers, which requires them to offer a large and diversified product portfolio that can be supplied quickly, while holding little to no inventory. Providing the right part at the right place and right time is therefore critical to meeting our garage customers' needs and we offer a distribution model based on proximity. Garages also need technical support with diagnostics, identification of parts and repair methods and the ordering of tools, and often require frequent training, as spare parts become more complex. We provide these services, replicating the types of programs that OEMs provide to their own networks, but expanding these services across the full range of light vehicles. Our online customers and key accounts have similar needs to those of garages: supplying their customers quickly with a large product assortment while having little to no capacity for inventory and storage. We meet these needs by offering up to two deliveries a day, with some deliveries undertaken within two hours of the order placement, through two dedicated logistics platforms, ACR and Doyen Auto.

Customers generally select spare parts suppliers and distributors based on a number of factors, including product range and availability, service offering, price and services. Our distribution model, combined with the services we offer, is designed to match customers' needs, leading to customer loyalty.

Our services include:

- *Best-in-class delivery times*: Through our automated warehouses, we make deliveries to our customers up to six times per day and delivery times for some products can be as short as two to four hours from the time of order, with many other products being delivered within one day.
- *Commercial support*: Our service is strengthened by our partnership with the IDRAC business school, which helps select and integrate new sales teams, notably via apprenticeships. We created a tablet-based "e-book" that customers can use to view product details and instructional and support videos. We also provide customer service through our "Assistance Diag" call centers, which handled approximately 80 calls per day in 2019 for our 1,500 key users. Assistance Diag addresses 95% of the products we distribute and 450,000 technical issues, with nine hotlines that are specialized by carmakers.
- *Training and technical support*: We offer a range of technical support services to our customers, including, for example, a multi-brand diagnostic tool, Diag'issimo, which helps customers identify the source of product and systems breakdowns. We also offer comprehensive training opportunities. For example, our customers can benefit from dedicated training modules through "AD Academy." In 2017, we acquired Grup Eina, a company based in Spain with call centers and staff dedicated to the French market, in order to enhance our digital support and training offerings, with practical trainings that address the increasing complexity of car maintenance, including simulations of data systems breakdowns.
- *Strong commercial concept and integrated branding*: Another key differentiating feature is our strong commercial concept and integrated branding. Our brands benefit from strong brand awareness among drivers. For example, according to an independent third-party survey conducted in France in 2017, the "Autodistribution" brand enjoys the highest brand awareness among our peers, with 92% brand awareness (of which, unprompted awareness of 74% and prompted awareness of 18%). The second ranking player in France had only 37% brand awareness.
- *Business leads to key third-party providers*: We partner with certain third-party providers, such as major insurers (such as Allianz, MAAF, Macif and AXA) and car fleets (such as AVIS, Europcar and Eiffage), which helps drive B2C (DIY) sales within our repairer customers' networks. We manage these partnerships with four dedicated teams, employing 40 people, and, in 2019, handled approximately 500,000 requests, leading to approximately 40,000 services. We estimate that such partnerships drove approximately €278 million in business to our AD-branded garages and Mondial Pare-Brise customers in 2019.
- *Online tools*: We have developed online tools to support our customers with online ordering as well as other IT functions. For example, our proprietary online portal, Autossimo, processed more than 5,000 product orders per day in 2019. Autossimo improves customers' experiences by offering a user-friendly portal for garages to search through a large selection of spare parts, directly order parts online and obtain technical information about those parts. Autossimo features approximately 2.48 million parts in our catalogue, supplied by 600 OEMs/OESs. In 2019, one-third of French garages were Autossimo customers and 24% of our orders were placed online (as compared with 12% in 2014).

We also created ID Garages, which allows drivers to get a quote and schedule a service appointment online, driving business to our branded garages. We believe ID Garages are a "win-win" solution for us, allowing us to retain a percentage of the fee quote, and our suppliers and garages to collect fees from business gained through the portal. In 2019, ID Garages served more than 3,800 subscribers and 6 million unique web visitors, with an average of 4,500 bookings made per month via this portal in the fourth quarter of 2019. We estimate that ID Garages generated approximately €2.4 million in subscriptions and fees and drove approximately €8.0 million worth of business to our garage customers for the year ended December 31, 2019.

**Our operational segments**

***Light Vehicle France***

The Light Vehicle France segment is our historical core activity, generating revenues of €910.7 million in the year ended December 31, 2019, and distributing light vehicle spare parts and products to garages, body shops, fast-fitters, online operators and integrated workshops. We have grown our light vehicle France segment organically and with strategic acquisitions such as the acquisitions of Gobillot Rhône (2012), Rougon Queyrel and FPLS (2013), ACR (2014) and Mondial Pare-Brise and Oocar (2017).

In 2017, we had approximately 335,000 square meters of light vehicle spare parts storage capacity in France. In 2019, we were able to stock approximately 4,500,000 SKUs representing approximately 1,600 brands. Our light vehicle France network included 84 distributors and 3,156 branded and affiliated garages. For the year ended December 31, 2019, sales to light vehicle France Affiliated Distributors constituted 42% of the total light vehicle France sales. Furthermore, in 2019, branded garages represented more than 34.5% of the sales made by light vehicle France, followed by retail (approximately 12%), web dealers (approximately 1%) and key accounts (approximately 6%). Our light vehicle France distribution network in Benelux makes up to six deliveries per day, with delivery times as low as two hours.

Our light vehicle France segment is supported by three logistics platforms: Logisteo, ACR and Cora.

- Logisteo is our automated warehouse. It is a central platform that enables stock deliveries to French distributors once per day. Logisteo is located in Réau, France and represented a total cost of €26 million as of December 31, 2019. As of 2019, it was the largest independent logistics platform for light vehicle parts for maintenance and repair in France. It has over 38,000 square meters of storage space and stores approximately 120,000 SKUs (as compared with storage of approximately 55,000 SKUs before the implementation of Logisteo). Logisteo prepares approximately 60,000 lines per day (as compared with approximately 30,000 lines per day before the implementation of Logisteo) and completes approximately 3,000 orders per hour, serving approximately 500 local distributors. We estimate that Logisteo has driven a 30% improvement in productivity and that Logisteo supplies virtually all of our French light vehicle distribution locations and employs approximately 200 full-time employees (as of December 31, 2019, a reduction of approximately 100 full-time employees since the inception of Logisteo). Deliveries of regular orders are made before 8:00 a.m. arrive the next business day. Logisteo has also enabled us to consolidate our supply flows to a single delivery point, which permits us to offer a wide-range of constantly available products while capturing logistics fees from our suppliers that generally exceed our logistics costs, generating higher margins.

- ACR is a specialized, automated platform that services our key accounts and online customers in France, with stock deliveries of light vehicle spare parts made two times per day and emergency deliveries made to wholesalers as needed. Deliveries of regular orders are made within four hours. ACR was established in 2010 and was acquired by us in 2014. It has approximately 30,000 square meters of storage space at nine regional locations across France and a central platform in Gennevilliers, France and stocked approximately 100,000 SKUs in total.

- Cora is our specialized, partially automated platform for light vehicle body parts for collision repair in France. Cora was established in 1967 and was acquired by us in 2005. Cora operates from our hub in Chaponnay, France. It has approximately 35,000 square meters of storage space and stores approximately 84,000 SKUs. Deliveries of regular orders are made within one business day.

***Light Vehicle International***

Our Light Vehicle International segment generated revenues of €461.5 million in the year ended December 31, 2019, and is supported by two partially automated logistics platforms: Doyen Auto and OVAM/Ricauto. Collectively, they have approximately 60,000 square meters of storage space and stock approximately 100,000 SKUs.

*Benelux*

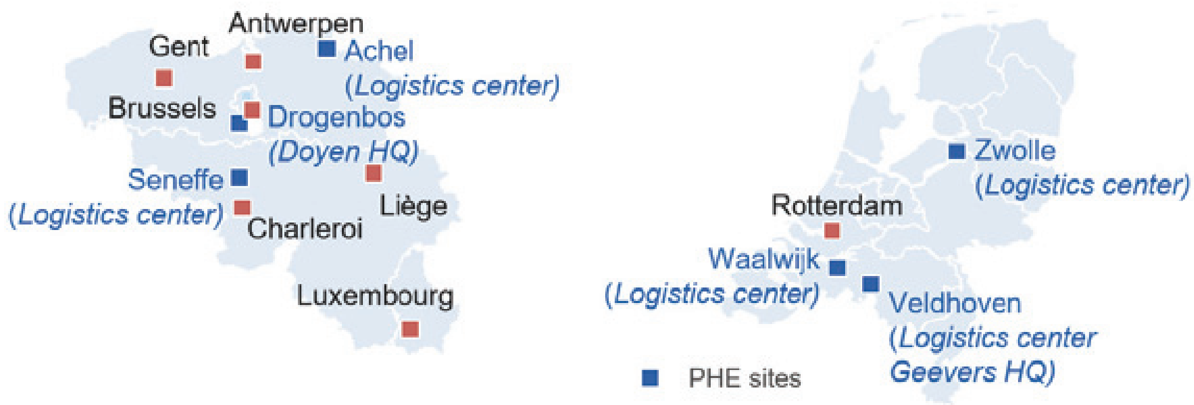
As of December 31, 2019, we had approximately 37,000 square meters of storage capacity in Benelux that stocked approximately 90,000 SKUs representing more than 79 brands. Our network in Benelux included 409 distributors, including 98 Doyen Auto franchisees, more than 207 “1, 2, 3 Auto Service” garages and more than 114 Requal garages in 2019. Our distribution network in Benelux makes up to two deliveries per day, with delivery times under three hours. In the 2011 to 2019 period, the Doyen Auto Group’s revenue in Benelux grew organically at a CAGR of 4.6%. Revenue organic growth in the Netherlands is currently 7.1% per annum.

In 2016, we acquired the Doyen Auto Group, giving us access to the Belgian and Dutch markets through Doyen Auto’s network of affiliated distributors (API) and two networks of branded garages (1,2,3 AutoService and Requal). The acquisition of the Doyen Auto Group also gave us exposure to the web dealer channel in Benelux and strengthened our position with web dealers in France and also expanded our market share in France through Doyen Auto Group’s light vehicle spare parts distribution operations in France. Doyen Auto’s activities are managed on an international level from Belgium. Since the acquisition of Doyen Auto, we have exported the

Autodistribution concept, network and platforms to these new markets, while developing a complementary offer that targets differentiated customers (such as smaller distributors).

In 2018, we acquired Geevers, an independent retailer of light vehicle spare parts in Benelux, which stocks over 100,000 spare body parts and offers approximately four million products, and Verviers Freins, a Belgian multi-brand distributor of mechanical parts, bodywork, paint, tools and garage equipment in the Liège region.

The map below shows our network in Benelux as of December 31, 2019.




Our customers in Benelux are API distributors (wholesalers with an API distribution contract), web players, repairer groups (such as Auto 5, First Stop and Midas) and wholesalers (independent auto parts distributors).

*Italy*

As of December 31, 2019, we have approximately 36,000 square meters of storage capacity in Italy that stocks approximately 200,000 SKUs representing more than 150 brands. Our network in Italy includes 2,200 distributors.

In 2017, we acquired three Italian players, OVAM, Ricauto and Top Car, making us the number two player in Italy. OVAM operates in five distribution locations (operating in the Padua and Treviso area under the "Sarco" brand and in the Florence area under the "Sarpi" brand) which serve a network of 900 installers/repairers and offers approximately 100,000 SKUs. Ricauto and Top Car operate in two distribution locations (mainly in the Padua area) and offer approximately 65,000 SKUs. In March 2018, we expanded further into Italy with the acquisitions of Sarco and FGL. In 2017, Sarco and FGL operated one distribution site each, stocking 40,000 SKUs and 35,000 SKUs, respectively. In June 2018, we acquired G-Group which operates in southern Italy and serves a network of 1,000 installers or repairers with approximately 140,000 active SKUs.

The map below shows our presence in Italy as of December 31, 2019.


We are working on capturing synergies in Italy through a local CPU which is modeled on our CPU in France, and by replicating our negotiating strategy with suppliers in France.

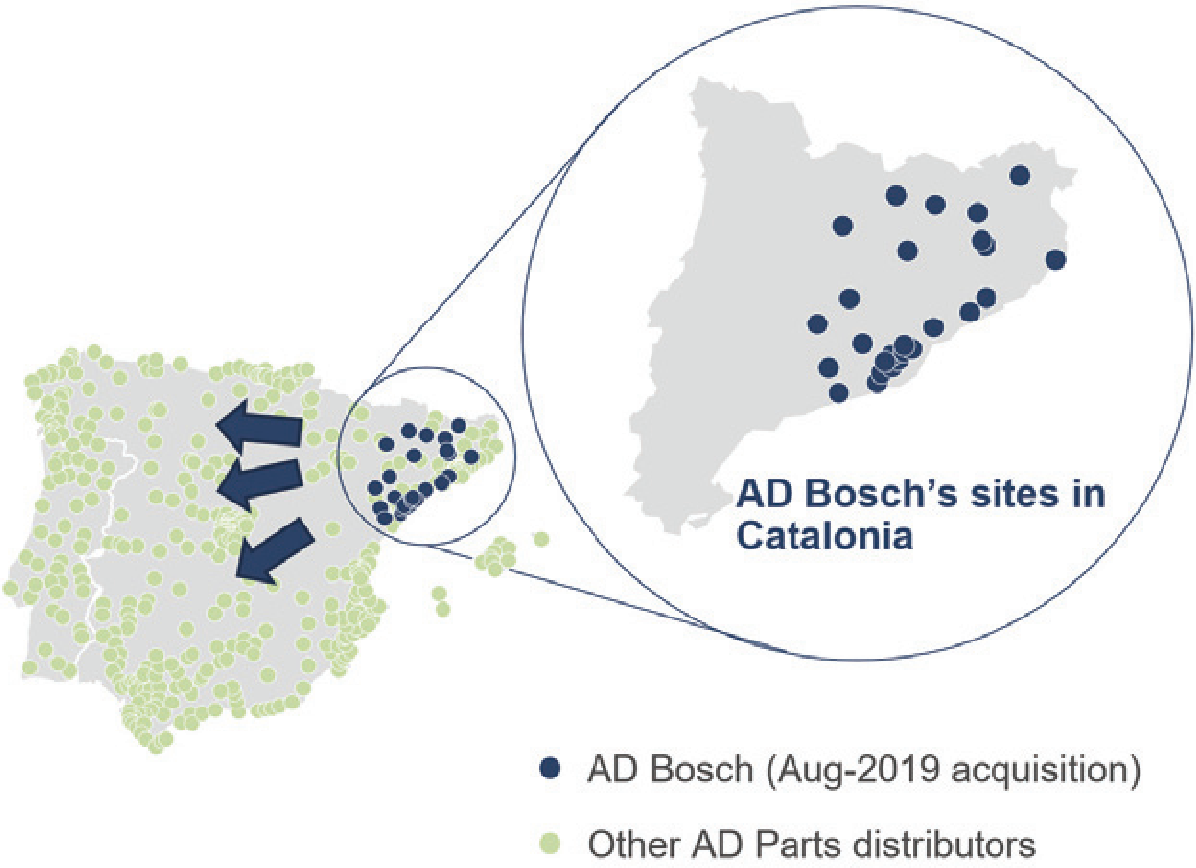
*Spain*

In 2019, we acquired a 75.1% stake in AD Bosch, a distributor offering a variety of products and specialized services in the automotive industry. Its activities are mainly focused on the distribution of spare parts, the sale of lubricants and other chemicals, the sale of machinery for repair and washing stations, after-sales support services, industrial supplies and a range of services such as training and technical assistance. AD Bosch is the leading distributor in Catalonia and has a network of 27 stores, primarily in the Barcelona and Girona area.

AD Bosch is one of the largest members of AD Parts, a leading independent auto parts network of purchasing, distribution, manufacturing and services in Iberia that regroups approximately 27 independent affiliated distributors. AD Parts comprises approximately 490 distribution centers in Spain and Portugal and has historically demonstrated a strong growth track record, gaining market share from its competitors.

Since the acquisition of AD Bosch in August 2019, we have approximately 51,700 square meters of storage capacity in Spain that stocks approximately 106,000 SKUs representing more than 416 brands. Our network in Spain includes five distributors.

The map below shows our presence in Spain as of December 31, 2019.

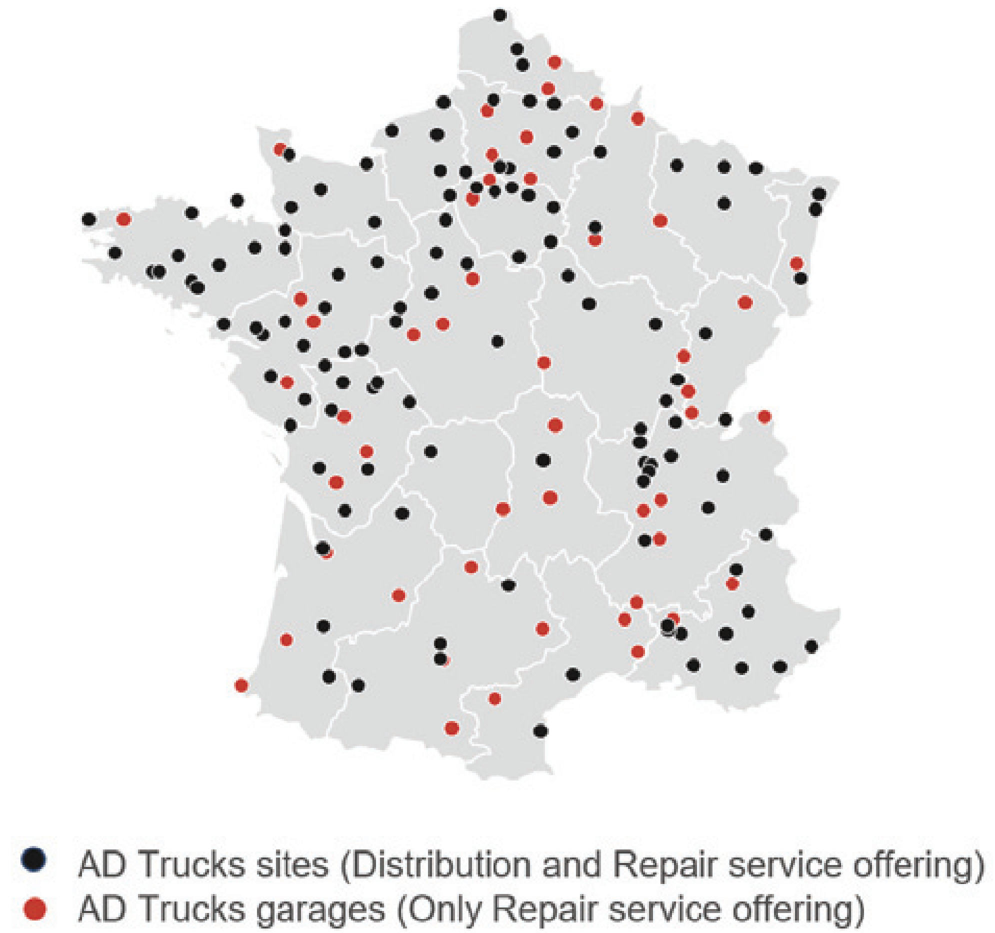



***Trucks***

Our Trucks segment addresses two market levels: distribution and repair and maintenance. At the distribution level, we distribute products to garages and integrated workshops and we are able to make deliveries in under four hours around France. At the repair and maintenance level, we offer our services through a wholly-owned network of garages. In 2019, our Trucks segment generated revenue, including all network sales, of €165.4 million.

We benefit from a scale effect, holding 18% market share in the truck IAM in France in 2019 and managing a large network of approximately 228 locations (of which approximately 125 are service and distribution locations and approximately 103 are AD Poids Lourds-branded garages).

The map below shows our truck spare parts distribution and repair network in France as of December 31, 2019.




In recent years, our Trucks segment has experienced challenges due to difficult market conditions as well as a lack of truck spare parts specialization embedded in the light vehicle business, a lack of central focus and performance monitoring and underperforming locations.

Over the 2015 to 2019 period, our Trucks segment revenue increased by 3.4%, from €160.0 million to €165.4 million. Our Trucks segment's Adjusted EBITDA and Adjusted EBITDA margin amounted to €2.8 million and 1.8%, respectively, in 2015 and increased to €5.6 million and 3.4%, respectively, in 2019.

Our value-added services approach for our Trucks segment is based on and adapted from the same approach we use in our light vehicle segments and includes:

- *Best-in-class delivery times*: We have approximately 10,000 square meters of dedicated logistics platform space for our Trucks segment and stores approximately 25,000 SKUs.
- *Commercial support*: We employ locally-based sales teams, comprising 121 professionals in 2019, of which 67 were commercial managers, 9 were sales managers, 7 were key accounts managers and 38 were call center managers or salespersons.
- *Training and technical support*: We run a training center, "Institut AD" and a technical support platform dedicated to our Trucks segment through a partnership with IMA Technologies.
- *Strong commercial concept and integrated branding*: As in our light vehicle segments, we employ an integrated, single brand approach in our Trucks segment, leading to strong lock-up of affiliates (both distributors and garages). AD Poids Lourds is a unique brand with the highest brand recognition (64% unprompted awareness) among independent players in France in 2019, with more than two times higher awareness than the number two player. Demonstrating the power of this brand awareness, we are a partner of choice for truck fleet operators and garages and there are early signs of success as measured by improved monthly revenue and Adjusted EBITDA in 2019.

- *Business focus on key accounts*: In 2019, 20% of our revenue in our Trucks segment was generated from national key accounts (such as Veolia and Geodis), with 60% of revenue in our Trucks segment generated from national and regional key accounts collectively.
- *Online tools*: We offer a dedicated online portal, Truckissimo, for our Trucks segment, which includes continuously updated technical databases and management tools, such as an easy-to-use tool outlining repair methods and connected diagnostic and costing tools, parts identification tools, price comparison tools by brand and inventory access. We also offer our customers digital support through AD Connect.

We also seek to capture upside from our partnership with Alltrucks, a joint venture created by OESs to establish a network of affiliated workshops. Founded in 2013 and present in ten countries as of 2018, Alltrucks offers our affiliated workshops exclusive multi-brand diagnostics and trainings, technical assistance and access to a pan-European workshop network. We benefit from our membership in Alltrucks, and our Level 2 accreditation with three OESs grants us an improved access to parts and gaining access to foreign truck operations that are active in France.

Our Trucks segment is supported by one specialized, partially automated logistics platform, Bremstar. Bremstar was established in 1995 and was acquired by us in 2008. Bremstar operates from our hub in Saint-Fargeau-Ponthierry, France. It has approximately 10,000 square meters of storage space and stores approximately 25,000 SKUs. Deliveries of regular orders are made within one business day.

***Digital B2C***

In July 2018, we acquired a 4.95% ownership stake in Oscaro for consideration of €10 million. On November 13, 2018, we increased our total ownership stake in Oscaro to 82.49% for incremental consideration of €81.3 million, which included a capital investment of €55 million in Oscaro. Indenoï, the holding company of Oscaro's founder Pierre-Noël Luiggi, retains a share of up to approximately 17.5% in Oscaro. Mr. Luiggi does not hold any operational role in the company.

Oscaro is an independent online distributor of light vehicle spare parts and was established in 2001. It is the leader in online sales of light vehicle spare parts in France, which is the fastest growing independent aftermarket distribution channel, and has an online market share of approximately 50% in France based on online sales. Oscaro's e-commerce platform allows car owners to buy automotive parts online from a range of manufacturers, without going through automotive dealers. Oscaro's product offering includes new spare parts from manufacturers and wholesalers which include Bosch, Continental, Contiteck, Luk, SKF, TRW Automotive and Valeo, and we have been one of the key spare parts suppliers of Oscaro. Oscaro generates revenue primarily from its B2C (DIY) segment and operates mainly in France and, to a lesser extent, in other markets such as Spain. In 2019, we served approximately 2.5 million customers in France, Spain, Belgium and Portugal, received approximately 12,000 orders a day and offered a portfolio of approximately 1 million SKUs through Oscaro. Oscaro has a strong leadership in the growing French online light vehicle spare parts aftermarket with an approximate market share of over 47% in 2019, mainly due to its high brand awareness and customer loyalty.

Since the completion of the acquisition, we implemented various initiatives following the acquisition of Oscaro to bring Oscaro back to profitability. These initiatives were successful, with Oscaro returning to profitability in third quarter of the year 2019 and reaching positive EBITDA for the full year 2019. As of December 31, 2019, Oscaro had more than 7.2 million customers and benefits from a high brand awareness in the French market (approximately 62%), more than three times as much as its closest pure online competitor (approximately 17%).

**Sales and marketing**

Our success is largely attributable to the loyalty of our customers and we commit substantial time and resources to understanding, communicating and meeting the needs of our customers.

Our sales department is responsible for managing relationships with existing customers and establishing relationships with new customers, setting sales targets and implementing sales policies, which includes customer payment terms in cooperation with the finance and control department and managing payment collection in cooperation with the administration department.

Our marketing department is located at our headquarters in Arcueil, France, and is focused on improving awareness and perception of our brands. We market our distribution services to both affiliated independent distributors and garages, and engages in joint marketing campaigns with our suppliers that target customers. This integrated branding approach increases our visibility and helps us recruit new branded garages.

We continuously invest in our marketing efforts in order to sustain sales and upgrade our existing offerings. Our websites are one of our main marketing tools. Our websites (excluding Oscaro.com) received an average of 820,000 individual visitors per month in 2019. We also regularly organize promotional campaigns for certain of the spare parts that we distribute.

**Customer service**

We provide support to our customers through call centers, mobile technology, training programs and customer outreach. We have structured our customer service around the principle of bringing business to our customers, leveraging the various value-added services it offers customers to help them grow their own sales and services offerings.

**Information technology**

Our business depends on having advanced, secure information systems and capacity to store, retrieve, process and manage large quantities of information. Our IT teams play an important role in our distribution process and operations by providing support for sales, inventory and supply chain logistics, accounting and internal controls.

Our IT strategy is currently structured around local IT teams that are adapted to our business needs in specific locations, while taking a unified approach for our financial reporting systems. This has enabled us to leverage our acquisition target's IT systems that are in place at the time of an acquisition. Additionally, following our recent international expansion, we plan to implement a transformation of our global IT strategy, which is focused on leveraging best practices and coherence and consistency among our IT systems.

Our IT systems are supervised by our information officer and are managed in-house by teams of IT professionals who are supported by third parties. In addition, our online activities are overseen by managers with e-commerce experience.

Two data centers support the continuity and connectivity of our IT systems and our data is backed up daily. Various business continuity plans have been created to respond to possible future incidents. These plans are regularly reviewed, tested and updated.

Our IT systems provide a full range of business process support and information to our management, logistics platforms and customers. We utilize a combination of customized and industry standard software systems to provide various functions related to:

- inventory management;
- e-commerce fulfillment;
- quality control;
- front office and back office applications; and
- contact with our suppliers.

Our IT teams, in coordination with the sales department, have developed software, including customized licensed software, such as Autossimo and Truckissimo to integrate our logistics platforms with an electronic interface that allows customers to place orders online and obtain information regarding product availability, sales terms, conditions and shipping times. In 2012, our IT teams also developed a tablet-based "e-book" program that allows our sales representatives to see previous customer orders and make suggestions for purchases based on customer profile.

Our IT teams collaborate with the logistics department, primarily to update the software and algorithms used to determine adequate inventory levels at our warehouses, product flows and optimal shelf positioning for products. We have recently upgraded, and continue to invest in, the warehouse IT management system of our light vehicle logistics platform, Logisteo, in order to manage inventory more efficiently. Our IT system also enables it to determine product availability in real time and update the inventories in our warehouses accordingly.

***Intellectual property***

Our intellectual property comprises a combination of complementary rights, including the following:

- *Copyrights*. We maintain a policy of filing preliminary copyright applications (*enveloppes Soleau*) with the French *Institut National de la Propriété Industrielle* for our product designs. We submit our drawings and designs to a bailiff (*huissier*), which identifies us as the inventor and is intended to prevent competitors from copying our designs.

- *Trademarks*. We own the right to the "Autodis Group" and "Autodistribution" names, our most important trademarks, which we have registered with the European Community Trademark and International Trademark Registration. Autodistribution also owns the right to certain other names that we use in ordinary course of business, including Garage Expert AD, Auto Primo, Autossimo, AD PL, the "AD" logo and ISOTECH, which we have registered with the European Community Trademark and International Trademark Registration.
- *Database rights*. We own certain rights with respect to our customer database, in compliance with European and French regulations, in particular with the regulations promulgated by the French National Commission on Informatics and Liberty (*Commission nationale de l'informatique et des libertes*) relating to notification of the use of "cookies."
- *Domain names*. We own a portfolio of domain names and have registered them with the relevant authorities.

Some of our products integrate third-party technologies. In order to obtain the rights to use these third-party technologies, we have entered into license agreements in connection with certain software that it uses for our back-office, finance, human resources and store management systems.

## Employees

As of December 31, 2019, we employed a total of 7,347 people. The following table sets forth the number of employees as of December 31, 2017, 2018 and 2019.

| | Year ended December 31, | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| France | 5,410 | 6,044 | 5,969 |
| Other countries | 564 | 855 | 1,378 |
| **Total** | **5,974** | **6,899** | **7,347** |

In the last three years, we have not experienced any material disruption to our business as a result of strikes, work stoppages or other labor disputes that were specific to us. We believe that our relations with our employees are good.

We attach great importance to providing high-quality and expert service to our customers. Maintaining and repairing complex light vehicles and trucks requires well-trained and skillful employees. Selling light vehicle and truck spare parts and equipment and tools also requires expertise regarding the products and their use. We therefore provide our employees with a broad range of training.

## Property, plant and equipment

The majority of our sites are leased. As of December 31, 2019, we leased and owned the following property, plant and equipment:

- One office that serves as our headquarters in France, located at 22, avenue Aristide Briand, 94110 Arcueil, France.
- One office that serves as our headquarters in Belgium, located at W.A. Mozartlaan 8, 1620, Drogenbos, Belgium.
- One office that serves as our headquarters in the Netherlands, located at De Run 5141, 5503LV Veldhoven, The Netherlands
- One office that serves as our headquarters in Italy, located at 12 via Isaac Newton, Pero, Milano, Italy.
- One office that serves as our headquarters in Spain, located at 17458 Fornells de la Selva, Girona, Spain.
- Five warehousing and logistics sites in France, substantially all of which we lease.
- Approximately 300 owned distribution locations.
- A network of affiliated independent garages which includes 1,394 AD Garage and AD Expert garages, 723 AD Carrosserie garages, 1,039 Auto Primo garages and 122 Staff Auto garages in France, which are dedicated to our light vehicle operations and 103 additional garages that are dedicated to our Trucks segment's operations.

- One warehousing logistics center near Seneffe, Belgium.
- Three warehousing and logistics centers in Zwolle, Veldhoven and Waalwijk in the Netherlands.
- Nine logistics sites in Italy, in and around Napoli, Catania, Brescia, Florence, Milan, Padua, Reggio Emilia and Torino.
- One warehousing logistics center in Girona, Spain.
- Nine logistics sites in Italy, in and around Ancona, Brescia, Florence, Milan, Padua, Reggio Emilia and Torino

**Environment and sustainable development**

***Environmental regulations***

In connection with our operations, we are generally subject to environmental laws and regulations in each of the countries where it operates and distributes our products. Although we do not manufacture the products we distribute, the storage of spare parts subjects our facilities and operations to environmental and occupational health and safety laws and regulations in each of the jurisdictions in which it operates. These laws govern, among other things, discharges of pollutants, the use, storage and disposal of hazardous substances and waste and the clean-up of contaminated properties.

Environmental authorizations or permits required for some of our operations may be reviewed, modified or revoked by the issuing authorities. We believe that we are in material compliance with the environmental laws applicable to our business. Our environmental and occupational health and safety costs have not significantly affected our results of operations or financial position during the previous twelve months.

***Environmental and sustainable development policy***

We pay close attention to the environmental impact of our business in the management of our sites and we are committed to corporate social and environmental responsibility.

For example, we carried out an audit of the energy performance of each of our subsidiaries in 2016. In addition, as part of our acquisition process, we carry out systematic environmental due diligence for all acquisition targets. If phase I of the environmental due diligence reveals environmental matters needing resolution, a phase II audit is carried out and we do not enter into any transaction before the resolution of the matters that were identified in phase I of the due diligence. Regarding pollution risks, our insurance broker carries out preventative site inspections and, when pollution cases are reported to us, a remediation plan is deployed.

**Insurance**

We maintain insurance to cover risks associated with the ordinary operation of our business, including property and casualty insurance policies that are typical for the industry in which we operate, at levels that we believe are appropriate when taking into account our size and the risks incurred.

Our global insurance programs are negotiated and coordinated by our headquarters, which is responsible for identifying our insurable risks, quantifying their potential consequences for us, and designing or structuring adequate insurance programs with the support of leading insurance brokers with international networks. We aim to ensure that they maintain sufficient coverage for all our activities and locations worldwide. We have established internal claims procedures for each of our insurance policies in the event we experience a loss. We also periodically review our insurance coverage in light of innovative and new risk transfer solutions offered by the insurance markets in order to ensure that the terms and conditions of our coverage are adequate, to verify that our deductibles and premiums are at reasonable levels and to reflect changes in our risk profile that arise as a result of events such as mergers and acquisitions, new fields of activity and the development of new technologies.

Our global insurance programs generally take the form of master policies, which apply to our operations worldwide. We enter into local insurance policies generated from these master programs to comply with local insurance-related regulatory obligations, as applicable in certain countries. We do not operate, rent or own any captive insurance vehicles.

Our main insurance policies, entered into with reputable insurance companies, cover lines of exposures including the following:

- general liability insurance, which covers general corporate liability;

- IT insurance, which covers technology based services;
- workers' compensation insurance;
- property damage and business interruption insurance;
- environmental liability insurance;
- transit freight insurance;
- director and officer liability insurance; and
- fleet insurance.

Our insurance policies contain exclusions, caps and deductibles that could expose us to unfavorable consequences in case of a significant event or legal action against us. Moreover, we may be required to indemnify third parties for certain damages that are not covered by our insurance policies or to incur significant expenses that may not be covered, or may be insufficiently covered, under our insurance policies.

**Legal proceedings**

We become involved from time to time in various claims and lawsuits arising in the ordinary course of our business, such as employee claims, disputes with our suppliers, disputes with our lessors at the renewal of our commercial leases and intellectual property disputes. We are not currently involved in any legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our financial position or results of operations. We note, however, that the outcome of legal proceedings can be difficult to predict and we offer no assurance in this regard.

## REGULATION

*We are subject to a wide variety of laws and regulations. Some of the most pertinent to the business sector in which we operate are laws and regulations that pertain to the light vehicle and truck wholesale sector and light vehicle inspections. The paragraphs below briefly describe some of those laws and regulations (focusing on French and EU laws and regulations). This section does not purport to be a comprehensive description of all the laws and regulations to which we are subject and that may be relevant to a decision to purchase the Notes.*

### European Union

The sectors of light vehicle and truck spare parts wholesale, and repair and maintenance, services are currently regulated in the European Union by Regulation (EU) No. 461/2010 (the "New BER"), which replaced Regulation (EC) No. 1400/2002 (the "BER 2002") in 2010. Unlike BER 2002, the New BER does not apply to the purchase, sale or resale of new motor vehicles, which are covered by Regulation 330/2010/EC. Accordingly, the material scope of the New BER is now limited to the distribution of spare parts and the provision of repair and maintenance services for motor vehicles.

The New BER also applies to (i) the general EU competition law and (ii) the General Vertical Block Exemption Regulation (Commission Regulation (EU) n°330/2010 of April 20, 2010 on the Application of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices (the "General BER")) and the corresponding EU Guidelines on Vertical Restraints.

These provisions aim to ensure fair competition in these markets in order to safeguard that original and equivalent spare parts manufacturers competing with those branded by the light vehicle (referred to as "passenger cars" under the New BER) and truck (referred to as "commercial vehicles" under the New BER) manufacturers have full access to the market.

Pursuant to these rules, agreements relating to the sale or distribution of light vehicle and truck spare parts and repair and maintenance services are exempted from the application of Article 101 (1) of the Treaty on the Functioning of the European Union (the "TFEU"), which prohibits anticompetitive agreements and concerted practices, if they comply with the provisions of both:

- the General BER, which only applies if:
  - (a) both parties have less than 30% of the market share in their respective markets; and
  - (b) the agreement does not contain any of the hardcore restrictions provided in the General BER; and
- the New BER, which implies that:
  - (a) no restriction may be imposed on the business of independent garages by way of a selective distribution system under which a member of the network is prohibited from selling goods or services to independent garages;
  - (b) no limitations may be imposed on any supplier of spare parts, repair tools, diagnostic or other equipment to freely sell such goods to independent or authorized distributors, garages or end-users; and
  - (c) no restrictions may be imposed on suppliers of components for the initial assembly of motor vehicles limiting their ability to place their own trademark or logo effectively and easily on the components supplied or on spare parts.

Furthermore, the European Commission may declare that both the General BER and the New BER are not applicable where parallel networks with similar competition restraints cover more than 50% of a relevant market.

The agreements relating to the sale and distribution of spare parts that do not fulfill the conditions of the General BER and/or of the New BER (which, according to the European Commission, is likely to be the case for most agreements) may nonetheless benefit from an individual exemption if they fulfill the conditions provided in Article 101(3) of the TFEU.

In this regard, however, notice no. 2010/C 138/05 (European Commission's Supplementary Guidelines on Vertical Restraints in Agreements for the Sale and Repair of Vehicles and for the Distribution of Replacement Parts for Vehicles) ("notice 2010/C 138/05"), which provides some guidelines on the application and interpretation of the New BER, further specifies that it is very doubtful that selective distribution agreements that would contain any of the two following restrictions could benefit from an exemption under Article 101(3) of the TFEU:

- failure for the motor vehicle manufacturer to provide independent operators (including independent repairers, spare parts manufacturers and distributors, manufacturers of repair equipment or tools, publishers of technical information, automobile clubs, roadside assistance operators, operators offering inspection and testing services, and operators offering training for repairers) with appropriate access to the brand-specific technical information required to perform repair and maintenance work on branded motor vehicles in fair competition with authorized garages and distributors; and

- explicit or implicit reservation of repair services by the supplier to the members of its authorized network only. As Recital 69 of notice no. 2010/C 138/05 clarifies, the legal or extended warranty may not, for example, be conditioned either (i) on the obligation for the end-user to have the repair and maintenance services not covered by the warranty exclusively performed by a member of the network or (ii) on the obligation for the end- user to use spare parts branded by the manufacturer in respect of replacements not covered by the warranty.

The foregoing provisions aim essentially to foster access to the repair and maintenance services marketed by independent garages and facilitate the identification of compatible spare parts of alternative suppliers, thereby fostering competition between such articles (known as “equivalent” parts) and those bearing the manufacturer’s trademark.

As further specified by the European Commission in notice no. 2010/C 138/05, the New BER also aims to protect access by spare parts suppliers to the motor vehicle aftermarkets, thereby ensuring that competing brands of spare parts continue to be available to both independent and authorized repairers, as well as to parts wholesalers. The European Commission emphasizes that the availability of such spare parts entails significant advantages for consumers especially since there are often large differences in price between parts sold by the manufacturer and alternative parts. In particular, the following may be employed as substitutes for spare parts bearing the manufacturer’s trademark: (i) original parts manufactured and distributed by original equipment suppliers; and (ii) replacement parts of “equivalent quality” to the original components. In the same notice, the European Commission specifies that in order to be considered of “equivalent quality,” spare parts must be “of a sufficiently high quality that their use does not endanger the reputation of the authorized network” that employs them. The European Commission places the burden of proving that a part does not satisfy the requirements for being considered of “equivalent quality” on the vehicle manufacturer.

In France, the New BER, as well as the General BER, are binding and directly applicable. Accordingly, the French courts and the French Competition Authority assess vertical agreements entered into in the sectors of light vehicle and truck spare parts wholesale and repair and maintenance services in light of these regulations and of the corresponding guidelines.

**Inspection**

European light vehicle inspections are currently regulated by the Directive of the European Parliament and the Council of Europe dated as of April 3, 2014 (“Directive 2014/45/EU”), as amended, providing for periodic technical inspections of each vehicle matriculated in a Member State.

With regard to light vehicles with fewer than eight seats (excluding the driver’s seat) and trucks permitted to operate up to 3.5 tons, Directive 2014/45/EU requires inspections to be made (i) four years after the first utilization and (ii) every two years thereafter. With regard to light vehicles with more than eight seats (excluding the driver’s seat), trucks authorized to carry more than 3.5 tons, taxis and ambulances, such controls must be performed within one year from the first utilization and every year thereafter.

In France, the requirements set forth in Directive 2014/45/EU have been provided for in the French Highway Code since 2004. If vehicles are not inspected when due, pecuniary penalties can be imposed and may be increased for repeated violation or for vehicles on the road that were suspended as a result of the inspection and may also entail the impoundment of the vehicle or the confiscation of the vehicle registration certificate (Articles R.323-1 *et seq*. of the French Highway Code).

**Protection of design and models for “visible” parts**

In the absence of EU harmonization, each Member State remains free to govern the legal protection of designs and models for “visible” parts. In France, according to the French Intellectual Property Code, the distribution of “visible” parts (such as wings, bumpers and windscreens) is protected by industrial design rights (Articles L-511-1 and seq. of the French Intellectual Property Code). Consequently, only the manufacturer has the right to distribute these parts to various repairers. However, it must be noted that the French Competition Authority has recently recommended the gradual removal of the restriction on the distribution of “visible” spare parts destined for repairs.

## MANAGEMENT

### The Issuer

The Issuer is a public limited liability company (*société anonyme*) organized and existing under the laws of France with registered number 086 380 706 RCS Créteil, having its registered office at 22, avenue Aristide Briand, 94110 Arcueil, France. The board of directors of the Issuer currently consists of 13 directors (*administrateurs*) and the business address of the directors is the same as the registered address of the Issuer. The board of directors of the Issuer determines the Issuer's business strategy and monitors its implementation thereof. Subject to the powers expressly attributed by law to shareholders' meetings and within the limits of its corporate purpose, the board of directors of the Issuer reviews all issues concerning the operations of the Issuer and acts on all matters over which it has authority. It also carries out any control and verification that it considers useful.

The following table sets forth the names, ages and positions of the current members of the board of directors of the Issuer.

| Name | Age | Position |
|---|---|---|
| Stéphane Antiglio | 57 | Chairman and Chief Executive Officer |
| Christophe Gouthière | 60 | Group Chief Financial Officer |
| Michel Plantevin | 63 | Director |
| David Danon | 38 | Director |
| Jean-Paul Siney | 66 | Director |
| Thierry Talbot | 61 | Director |
| Jean-Francois Niort | 55 | Director |
| Thomas Allen | 36 | Director |
| Jay Corrigan | 48 | Director |
| Shannon Poulos | 42 | Director |
| Krista Snow | 50 | Director |
| Ivano Sessa | 42 | Director |
| Murielle André | 56 | Director |

*Stéphane Antiglio*. Mr. Antiglio was appointed chief executive officer of our Group in 2010 and chairman of the Issuer in June 2018. Mr. Antiglio is also the chairman of the executive board of Autodistribution S.A.S. and a director of the Issuer and Gobillot Rhône (previously Ensemble). Previously, Mr. Antiglio served as chief executive officer and member of the executive board of Pomona Passion Froid, the fresh and frozen food distribution subsidiary of the Pomona group from 1999 to 2009. Mr. Antiglio graduated from Ecole des Hautes Etudes Commerciales (HEC), Paris.

*Christophe Gouthière*. Mr. Gouthière was appointed chief financial officer of our Group in 2010. Previously, Mr. Gouthière served as chief financial officer of Dole Europe, a subsidiary of the Dole group, a leading distributor of fruits and vegetables, from 2001 to 2010. Mr. Gouthière also serves on the board of several of our subsidiaries. Mr. Gouthière graduated from Ecole des Hautes Etudes Commerciales (HEC), Paris.

*Michel Plantevin*. Mr. Plantevin was appointed director of the Issuer in 2015. Mr. Plantevin joined Bain Capital in 2003 as a managing director. Prior to joining Bain Capital, Mr. Plantevin was a managing director with Goldman Sachs International in London, initially in the investment banking division, then in the merchant banking division. Prior to Goldman Sachs, he was a consultant with Bain & Company in London and later headed the Bain & Company Paris office as a managing director. Mr. Plantevin received an MBA from Harvard Business School and an undergraduate and master's degree in engineering from the Ecole Supérieure d'Electricité (Supélec) in France.

*David Danon*. Mr. Danon was appointed director of the Issuer in 2015. Mr. Danon is a managing director at Bain Capital, which he joined in 2007. Prior to joining Bain Capital, Mr. Danon worked in London for Lehman Brothers' middle-market buyout fund, Lehman Brothers Merchant Banking Partners. Mr. Danon received an MS from HEC in France.

*Jean-Paul Siney*. Mr. Siney was appointed director of the Issuer in 2010. Mr. Siney has served as chief executive officer of AD Normandie Maine, one of our wholly-owned distributors, since 2004. The Parent Guarantor holds a majority stake in AD Normandie Maine. Mr. Siney also controls SDNF S.A.S., a personal holding of several companies operating in the IAM. Mr. Siney graduated from Ecole Centrale de Lyon and holds a master's degree in mathematics from University Paris 6.

*Thierry Talbot*. Mr. Talbot was appointed director of the Issuer in 2010. Mr. Talbot has controlled AD Talbot, one of our affiliated independent distributors, since 1989. Mr. Talbot has also controlled SAGA Automobiles, a garage affiliated with Peugeot, since 1991. Previously, Mr. Talbot worked as the sales manager of Laboratoires Rivadis from 1983 to 1989. Mr. Talbot has been the president of the UDIAD since 2005. Mr. Talbot graduated from INSEEC Bordeaux, France.

*Jean-Francois Niort*. Mr. Niort was appointed director of the Issuer in 2010. Mr. Niort controls Niort Frères Distributeurs, which he joined in 1988, and AD Fortia, two of our affiliated independent distributors. Mr. Niort holds a *Diplôme d'études supérieures commerciales et d'administration des entreprises*.

*Thomas Allen*. Mr. Allen was appointed director of the Issuer in 2015. Mr. Allen is a vice president at Bain Capital, which he joined in 2011. Prior to joining Bain Capital, Mr. Allen was a consultant with Bain & Company in Southeast Asia and London, where he primarily worked on strategy and M&A projects and was a member of the private equity team. Mr. Allen received an MBA from Harvard Business School and a BA from University College London.

*Jay Corrigan*. Mr. Corrigan was appointed director of the Issuer in 2015. Mr. Corrigan is the Chief Financial Officer for Private Equity at Bain Capital, which he joined in 1996. Prior to joining Bain Capital, Mr. Corrigan worked at Ernst & Young for three years. Mr. Corrigan received a BS in accounting from Fordham University and is a Certified Public Accountant.

*Krista Snow*. Ms. Snow was appointed director of the Issuer in 2017. Ms. Snow is a senior vice president and co-head of the tax team at Bain Capital, which she joined in 2005. Prior to joining Bain Capital, Ms. Snow was a senior manager in the international tax group at Ernst & Young and, prior to that, Ms. Snow was a senior manager in tax at Grant Thornton LLP. Ms. Snow received a B.S. in finance and accounting from Bentley University and a masters in taxation from Suffolk University. She is also a Certified Public Accountant.

*Shannon Poulos*. Ms. Poulos was appointed director of the Issuer in 2018. Ms. Poulos is a senior vice president in the finance team at Bain Capital, which she joined in 2006. Prior to joining Bain Capital, Ms. Poulos was a manager in the investment management team at PricewaterhouseCoopers. Ms. Poulos received a B.S. in accounting from Bridgewater State College and she is a Certified Public Accountant.

*Ivano Sessa*. Mr. Sessa was appointed director of the Issuer in 2015. Mr. Sessa joined Bain Capital in 2004 and was named managing director in 2015. Prior to joining Bain Capital, Mr. Sessa was a consultant with Bain & Company in the New York, Atlanta and Milan offices where he provided strategic and operational advice to private equity, industrial and financial services clients. Mr. Sessa currently serves on the board of directors of Bravida, IMCD and TeamSystem. Mr. Sessa received a BS magna cum laude in Business Administration from Bocconi University in Milan.

*Murielle André*. Ms. André was appointed director of the Issuer in June 2018 and has served as chief human resources officer of the Group since 2011. Prior to that, Ms. André worked as a director of human resources for AKKA Technologies, PECHINEY and EDF. Ms. André graduated from ESSEC, France.

**Audit committee**

Our audit committee is responsible for, among other matters: (i) supervising the appointment, retention and termination process of our independent registered auditors; (ii) reviewing with our auditors the scope and results of their audit; (iii) pre-reviewing all audit and permissible non- audit services to be performed by our independent auditors; (iv) overseeing the financial reporting process and discussing with our auditors the annual financial statements of the Parent Guarantor; (v) reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements; and (vi) overseeing our compliance process. Our audit committee consists of Messrs. Ivano Sessa, David Danon, Stéphane Antiglio and Christophe Gouthière.

***Compensation of directors and members of management***

The aggregate salary and fees, performance-related remuneration and bonuses, pension contributions and other benefits in kind, such as company light vehicles and mobile phones, paid to our management, including the members of the executive committee, directors, area managers and general brand managers, was €14.1 million for the year ended December 31, 2017, excluding severance and other transition payments to directors and management who have left us during such period.

### *Management employment agreements*

Our management is compensated with a fixed annual salary and an annual bonus. The annual bonus is typically determined based on certain defined objectives (both individually and Group-wide).

### *Share ownership*

Certain members of our management own, directly or indirectly, shares in Dakar Holdings S.C.A., the parent company of the Issuer. See "*Principal shareholders*".

## PRINCIPAL SHAREHOLDERS

### The Issuer

As of the date of this Offering Memorandum, the issued share capital of the Issuer consists of 35,187,186 ordinary shares with a total par value of €68,263,140.84. All the issued share capital of the Issuer is held by the Parent Guarantor (ignoring *any de minimis* shareholdings), a private limited liability company (*société par actions simplifée*) organized and existing under the laws of France.

### The Parent Guarantor

The Parent Guarantor is a private limited liability company (*société par actions simplifée*) organized and existing under the laws of France with registered number 488 077 165 RCS Créteil under the name Parts Holding Europe S.A.S. (formerly Autodis Group S.A.S.), having its registered office at 22, avenue Aristide Briand, 94110 Arcueil, France. The Parent Guarantor is held indirectly (through wholly-owned or majority-owned intermediate holding companies) by Bain Capital. Bain Capital owns a majority of the voting share capital of the Parent Guarantor, with the remainder held by current or former directors or management and certain Affiliated Distributors. Bain Capital owns 91% of the economic and the voting rights in the Parent Guarantor.

### Management equity plan

We implemented a management equity participation program pursuant to which certain of our managers or former managers, including Stéphane Antiglio and Christophe Gouthière, and approximately 75 of our employees, invested an amount of approximately €6 million in Dakar Holdings S.C.A., which beneficially owns the entire share capital of the Parent Guarantor and the Issuer. Such investment by management comprises ordinary shares and preferred shares issued by Dakar Holdings S.C.A. and the terms thereof are included in a shareholders' agreement providing, *inter alios*, for customary put and call option provisions and tag-along and drag-along rights attached to the ordinary and preferred shares. Certain Affiliated Distributors have also invested in Dakar Holdings S.C.A. by subscribing for ordinary and preferred shares in an amount of approximately €8 million.

### The sponsor

Bain Capital is a leading global private investment firm that advises and manages capital across several asset classes, including private equity, public equity, fixed income and credit, venture capital and real estate investments across multiple sector industries and geographies. Since its inception in 1984, Bain Capital and its affiliates have completed over 960 primary and add-on investments in a broad range of industries, including technology, financial and business services, industrials, media and telecommunications, healthcare and consumer/retail. Bain Capital's global team of over 450 investment professionals, 50 portfolio professionals and over 1,000 employees creates value for its portfolio companies through its global platform and depth of expertise, managing approximately $105 billion in total and leveraging the firm's shared platform to capture opportunities in strategic areas of focus. The firm has a strong track record of investments in the automotive industry (including investments in the Apex Tool Group, Asimco, FCI, FTE, Hero, Sensata Technologies and TI Automotive) and distribution industries (including investments in Brakes, Brenntag and IMCD), as well as a number of market-leading companies globally such as Bellsystem24, Burger King, Burlington Coat Factory, Domino's Pizza, HCA, Novacap, Samsonite, Securitas Direct and SigmaKalon. Bain Capital has investors from across the world that include sovereign wealth funds, public pension funds, foundations, insurance companies, family offices, high-net-worth individuals and funds of funds. Headquartered in Boston, Bain Capital and its affiliates have offices in Chicago, Palo Alto, San Francisco, New York, Dublin, London, Luxembourg, Munich, Madrid, Hong Kong, Shanghai, Guangzhou, Mumbai, Sydney, Tokyo, Melbourne and Seoul.

# CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

## Contracts with affiliated independent distributors and affiliated garages

We regularly enter into commercial contracts with affiliated independent distributors and affiliated garages, some of which are owned by certain members of the board of directors of the Issuer.

## Transaction and consulting services agreements; shareholder distribution

We entered into transaction and consulting services agreements with Bain Capital in December 2015, subsequently amended and restated in May 2017, pursuant to which we will make certain payments to Bain Capital for management, consulting, monitoring or advisory services and related expenses.

# DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

## Revolving Credit Facility Agreement

### *Overview and structure*

On November 12, 2015, Dakar (BC) Luxco S.à r.l. and Dakar Acquisition S.A. entered into a Revolving Credit Facility Agreement among, *inter alios*, the Issuer (upon its accession on December 8, 2015), J.P. Morgan Limited, Credit Suisse International and BNP Paribas S.A. as arrangers, the financial institutions named therein as original lenders, the institution named therein as Agent and U.S. Bank Trustees Limited as Security Agent (each as defined therein), which was amended on October 3, 2016, October 26, 2016, November 3, 2016, and March 18, 2020 (the "Revolving Credit Facility Agreement"). Borrowings available under our Revolving Credit Facility were increased from €50.0 million to an aggregate principal amount of €80.0 million on a committed basis as of June 13, 2018, and further increased to €90.0 million on a committed basis on July 13, 2018, and to €100.0 million on a committed basis on March 18, 2020.

The committed facility made available under the Revolving Credit Facility Agreement (the "Revolving Credit Facility") may be utilized by any current or future borrower ("Borrower") under the Revolving Credit Facility in euro, pounds sterling, U.S. dollars and any other currency approved by the lenders by the drawing of cash advances, the issuance of bank guarantees and letters of credit and by way of ancillary facilities. Subject to certain exceptions, amounts may be borrowed, repaid and reborrowed at any time. Borrowings will be available for the general corporate and working capital purposes of the Issuer and its Restricted Subsidiaries (as defined in the Revolving Credit Facility Agreement) and, without prejudice to the generality of the foregoing, for capital expenditure, acquisitions and investments not prohibited under the Revolving Credit Facility Agreement.

In addition, subject to certain conditions, the Total Commitments under and as defined in the Revolving Credit Facility Agreement may be increased at any time up to an amount which, together with any other credit facilities or debt securities ranking pari passu with the Revolving Credit Facility in right of payment and right to receive proceeds from an enforcement of the Collateral, would not exceed the basket for such permitted credit facilities or debt securities under the Indenture, including by way of (i) an increase in the Total Commitments in respect of the Revolving Credit Facility or (ii) the inclusion and making available of commitments in respect of one or more additional facilities.

### *Availability*

The Revolving Credit Facility may, subject to the satisfaction of customary conditions precedent, be utilized until the date falling one month prior to the Termination Date (as defined below) of the Revolving Credit Facility.

### *Borrowers and Guarantors*

The Issuer and the Subsidiary Guarantor are each a Borrower and Guarantor under and as defined in the Revolving Credit Facility Agreement. The Revolving Credit Facility is guaranteed by the Issuer and, subject to the Agreed Security Principles (as defined therein), the Guarantors. A mechanism is included in the Revolving Credit Facility Agreement to enable any of the Issuer's Restricted Subsidiaries in France, the Netherlands, Luxembourg and any other agreed jurisdiction to accede as an Additional Borrower under the Revolving Credit Facility subject to certain conditions.

### *Maturity and repayment requirements*

The Revolving Credit Facility will mature on the earlier of (i) September 18, 2024 and (ii) the date falling three (3) months prior to the final scheduled maturity date of the Existing Senior Secured Fixed Rate Notes and the Existing Senior Secured Floating Rate Notes, if the Existing Senior Secured Fixed Rate Notes and the Existing Senior Secured Floating Rate Notes have not been refinanced in full on or prior to such date with Refinancing Indebtedness (as such term is defined in the Revolving Credit Facility Agreement) which has a final scheduled maturity falling not earlier than December 18, 2024 (the "Termination Date").

Each utilization of the Revolving Credit Facility will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility must be repaid in full on or prior to the maturity date for the Revolving Credit Facility.

### *Interest rate and fees*

The interest rate on cash advances under the Revolving Credit Facility is the rate per annum equal to the aggregate of the applicable margin and EURIBOR or LIBOR (as applicable, subject to a 0% floor). The margin under the Revolving Credit Facility shall be 3.50% per annum for the first twelve months of its term. From the date falling twelve months from December 8, 2015 (the "Closing Date"), and subject to certain conditions, the margin on utilizations of the Revolving Credit Facility will be subject to a ratchet as follows:

| Consolidated Senior Secured Leverage Ratio | Margin (percent per annum) |
|---|---|
| Greater than 3.50:1 | 3.50% |
| Equal to or less than 3.50:1 but greater than 3.00:1 | 3.25% |
| Equal to or less than 3.00:1 but greater than 2.50:1 | 3.00% |
| Equal to or less than 2.50:1 but greater than 2.00:1 | 2.75% |
| Equal to or less than 2.00:1 | 2.50% |

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from (and including) the Closing Date to (and including) the last day of the availability period for the Revolving Credit Facility. The commitment fee is payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment.

Default interest is calculated as an additional 1% on the overdue amount.

The Issuer is also required to pay customary agency fees to the agent under the Revolving Credit Facility Agreement (the "Revolving Credit Facility Agent") and the Security Agent in connection with the Revolving Credit Facility Agreement and/or the Intercreditor Agreement and fronting fees to the issuing bank under the Revolving Credit Facility Agreement and letter of credit fees to the Lenders (as defined in the Revolving Credit Facility Agreement) in an amount equal to the then applicable margin of the Revolving Credit Facility (and (if applicable) an additional facility loan) with respect to an issuance of letters of credit (subject to certain conditions and exclusions).

***Guarantees***

Each Guarantor under the Revolving Credit Facility Agreement has provided a senior secured guarantee of all amounts payable to the finance parties by each other obligor (including any additional borrowers that accede to the Revolving Credit Facility Agreement) (subject to the limitations described in "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*").

***Security***

The Revolving Credit Facility is secured by the Collateral. In addition, the Revolving Credit Facility may from time to time benefit from certain guarantees and security, in addition to the Collateral, which do not guarantee or secure the Notes.

Under the terms of the Intercreditor Agreement, proceeds from the enforcement of security in respect of the Collateral (whether or not shared with the holders of the Notes) will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes.

***Representations and warranties***

The Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications, exceptions and baskets, and with certain representations and warranties being repeated, including in respect of: (i) status; (ii) binding obligations; (iii) no conflict; (iv) power and authority; (v) validity and admissibility in evidence; (vi) governing law and enforcement; (vii) insolvency; (viii) no default; (ix) taxation; (x) no misleading information; (xi) accounting reference date; (xii) financial statements; (xiii) no litigation; (xiv) no breach of laws; (xv) compliance with environmental laws; (xvi) no encumbrances, guarantees or indebtedness (other than as permitted); (xvii) ranking; (xviii) good title to assets; (xix) legal and beneficial ownership; (xx) shares; (xxi) intellectual property; (xxii) the COMI; (xxiii) holding company activities; (xxiv) acquisition documents; (xxv) pensions; and (xxvi) money laundering, anti- corruption laws and sanctions, in each case subject to exceptions and materiality thresholds.

***Covenants***

The Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that will apply to the Notes. In addition, the Revolving Credit Facility

Agreement also contains certain affirmative and negative covenants and a financial covenant. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge and other qualifications, exceptions and baskets.

***Notes purchase condition***

The Revolving Credit Facility Agreement provides that the Issuer may prepay/redeem/repurchase/ defease/ otherwise retire for value any senior secured notes issued by the Issuer, including senior secured notes issued under the Existing Senior Secured Notes Indentures, prior to their scheduled maturity (a “Note Purchase”) without any obligation to make any pro rata prepayment of the Revolving Credit Facility commitments where such redemption or repurchase is (a) made: (i) following a Change of Control (as defined in the Revolving Credit Facility Agreement and as further described in “ *—Mandatory prepayment requirements upon a change of control or a sale*” below), provided that the obligations under the Revolving Credit Facility Agreement in respect of a Change of Control are complied with; (ii) from the proceeds of any indebtedness that refinances any senior secured notes, including senior secured notes issued under the Existing Senior Secured Notes Indentures, that complies with the terms of the Revolving Credit Facility Agreement; or (iii) from the proceeds of new equity subscriptions, debt subordinated to the Revolving Credit Facility in right of payment, amounts available to be distributed to the Parent Guarantor in accordance with the Revolving Credit Facility Agreement, Intercreditor Agreement, senior secured notes issued by the Issuer, including senior secured notes issued under the Existing Senior Secured Notes Indentures; or (b) provided no Event of Default (as defined in the Revolving Credit Facility Agreement) is continuing or would result from such Note Purchase, in an amount not exceeding 50% of the aggregate amount in existence and uncancelled on the Closing Date of: the aggregate face value of the senior secured notes issued by the Issuer, including senior secured notes issued under the Existing Senior Secured Notes Indentures; over the life of the Revolving Credit Facility (excluding for these purposes (i) any fees, make-whole payments, call premiums and other amounts not constituting principal with respect to such Note Purchase and (ii) proceeds of any indebtedness that refinances any senior secured notes issued by the Issuer, including senior secured notes issued under the Existing Senior Secured Notes Indentures (the “Note Purchase Basket”).

Where the Issuer makes Note Purchases in excess of the Note Purchase Basket and which are not otherwise made in accordance with paragraph (a) above, the total Revolving Credit Facility commitments shall be cancelled, and if applicable, prepaid in the same proportion until the total Revolving Credit Facility commitments have been reduced to not more than €20,000,000.

***Additional covenants***

The additional covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements, compliance certificates and an annual budget and, upon request, certain information relating to the financial condition of the Group (as defined in the Indenture) and/or any member of the Group; (ii) authorizations; (iii) compliance with laws and regulations; (iv) anti-corruption and sanctions; (v) the maintenance of the Percentage Test (as defined in the Revolving Credit Facilities Agreement); (vi) further assurance; (vii) no change of COMI; and (viii) certain conditions subsequent, in each case subject to exceptions and materiality thresholds.

***Covenant suspension***

The provision for suspension of certain covenants upon the Notes achieving investment-grade status as set forth in the “*Description of the Senior Secured Notes*,” shall also apply equally to the Revolving Credit Facility.

***Mandatory prepayment requirements upon a change of control or a sale***

Upon a Change of Control (as defined in the Revolving Credit Facility Agreement which includes the sale of all or substantially all of the assets of the Issuer and its restricted subsidiaries and, subject to certain conditions, an Adverse Corporate Decision (as defined in the Revolving Credit Facility Agreement)) the lenders under the Revolving Credit Facility Agreement (the “Revolving Credit Facility Lenders”) shall not be obligated to fund utilizations (other than rollover utilizations), and if a Revolving Credit Facility Lender requests and gives notice to the Revolving Credit Facility Agent, within 30 days of receiving notice of such Change of Control, that its commitments shall be cancelled and that it requires payment of all of its share of the outstanding utilizations and all other amounts owing to it, the Revolving Credit Facility Agent shall promptly notify the Issuer that such Revolving Credit Facility Lender shall be required to be prepaid or replaced and its commitments cancelled in full on the date falling 30 days after such Revolving Credit Facility Lender has given notice to the Revolving Credit Facility Agent.

***Financial covenant***

Under the Revolving Credit Facility Agreement, we are required to test the drawn super senior leverage covenant, being the ratio of drawn super senior net debt under the Revolving Credit Facility Agreement to consolidated pro forma EBITDA, of 0.7:1 (the "Drawn Super Senior Leverage Covenant") if, on any Test Date (commencing on the first Test Date to occur after two full Test Periods have elapsed after the Closing Date), the Test Condition has been met. The financial covenant is calculated and tested quarterly, provided that exceeding the Drawn Super Senior Leverage Covenant on any Test Date should only result in a drawstop under the Revolving Credit Facility Agreement and shall not constitute or result in a default or an event of default and shall not operate as a drawstop in respect of any rollover loans or other rollover utilizations.

To the extent that the Drawn Super Senior Leverage Covenant has been exceeded on a Test Date, subject to certain limitations as more fully detailed in the Revolving Credit Facility Agreement, the Issuer may cure that covenant (i) automatically where the Drawn Super Senior Leverage Covenant is not exceeded on the following Test Date or the Test Condition is not met on the following Test Date or (ii) through the receipt of new shareholder injections and/or subordinated shareholders loans by the date falling no later than 20 business days after the date that the quarterly financial statements for that relevant period were due to be delivered, in an amount sufficient to, subject to certain limitations and at the election of the Issuer ensure such Drawn Super Senior Leverage Covenant would have been met had the proceeds from such new shareholder injection or subordinated shareholder loan been applied (A) towards consolidated pro forma EBITDA or (B) in reduction of drawn super senior net debt immediately prior to the end of the relevant period.

"Relevant Period" means each period of twelve months ending on or about the last day of each Test Date.

"Test Condition" means, on any Test Date, the aggregate outstanding amount of all loans under the Revolving Credit Facility (excluding any utilizations of the Revolving Credit Facility by way of letters of credit (or bank guarantees) or ancillary facilities or any amounts utilized to fund any OID) on the last day of the Relevant Period exceeds 35% of the total Revolving Credit Facility commitments as of such date or if higher, the total Revolving Credit Facility commitments as at the date of the Revolving Credit Facility Agreement.

"Test Date" means each of March 31, June 30, September 30 and December 31.

"Test Period" means the period commencing on the day immediately following a Test Date and ending on the next occurring Test Date.

***Events of default***

The Revolving Credit Facility Agreement provides for the same events of default (with certain adjustments as necessary) as will be provided for under the Indenture.

In addition, the Revolving Credit Facility provides for customary events of default, all of which are subject to customary materiality, actual knowledge and other qualifications, exceptions, baskets and/or grace periods, as appropriate, including: (i) misrepresentation; (ii) unlawfulness and invalidity; (iii) breach of the Intercreditor Agreement; and (iv) the repudiation and rescission of finance documents.

***Governing law***

The Revolving Credit Facility Agreement and any non-contractual obligation arising out of or in connection with it are governed by and construed and enforced in accordance with English law although the restrictive covenants certain information undertakings and certain events of default, which are included in the Revolving Credit Facility Agreement, are interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility Agreement is governed by, and shall be governed by, English law).

**PGE Loan**

On July 1, 2020, we entered into a super senior liquidity facility agreement among, *inter alios*, the Issuer, as company, BNP Paribas S.A. and Société Générale, as Original Lenders, U.S. Bank Global Corporate Trust Limited, as Agent, and U.S. Bank Trustees Limited, as Security Agent (the "PGE Loan"). The PGE Loan provides for a term loan facility in principal amount of €25.0 million to finance (i) general corporate needs of the Group triggered by the COVID-19 outbreak and required to maintain the Group's business activity and employees in France, including the Group's liquidity and working capital needs and (ii) fees, costs and expenses arising in connection with the PGE Loan. Drawing under the PGE Loan is subject to the satisfaction of certain conditions, including the publication of a decision (*arrêté ministériel*) by the French government to confirm the guarantee of the loan by the French State. We cannot guarantee that the French government will issue this *arrêté ministériel* and that we will be able to draw on the PGE Loan. The PGE Loan will remain outstanding following the completion of the Refinancing.

The obligations under the PGE Loan are guaranteed by the Guarantors and secured by the Collateral. In addition, the French State guarantees up to 80% of the principal, interest, penalties and otherwise (*capital, intérêts et accessoires*) with respect to the PGE Loan. The PGE Loan also benefits from certain guarantees and security, in addition to the Guarantors and the Collateral, which guarantee and secured the Revolving Credit Facility but do not guarantee or secure the Notes. Under the terms of the Intercreditor Agreement, proceeds from the enforcement of security in respect the Collateral (whether or not shared with the holders of the Notes) will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility and the PGE Loan in priority to the Notes.

The PGE Loan will mature on the date falling twelve months after the date of funding, which we expect to occur in the first half of July 2020. The Issuer has the option to extend the maturity date by one, two, three, four or five years at its sole discretion. The Issuer is subject to certain mandatory prepayments under the PGE Loan prior to its maturity date upon the occurrence of certain events, including (i) a change of control, (ii) an initial public offering, (iii) certain issuances of debt securities or refinancing, and (iv) a loss of the guarantee by the French State or non-compliance with the Undertaking (as defined below).

The interest rate on the PGE Loan is the rate per annum equal to the aggregate of the applicable margin and EURIBOR (as applicable, subject to a 0% floor). The margin under the PGE Loan is 1.30% per annum for the first twelve months of its term, and a margin to be agreed between the Issuer and the lenders afterward.

The PGE Loan contains certain of the same incurrence covenants and related definitions (with certain adjustments) that will apply to the Notes. In addition, the PGE Loan contains restrictions on (i) the distribution of dividends, as this term is understood for purposes of the *Engagement de responsabilité pour les grandes entreprises bénéficiant de mesures de soutien en trésorerie* published in May 2020 (the "Undertaking"), or any payment pursuant to a share buyback, except in accordance with the provisions of the Undertaking; and (ii) the ability for the French entities of the Group to have tax headquarters or subsidiaries without economic substance in a Non-Cooperative Jurisdiction, as these terms are understood for purposes of the Undertaking.

The PGE Loan and any non-contractual obligations arising out of or in connection with it are governed by and construed and enforced in accordance with French law although the restrictive covenants certain information undertakings and certain events of default, which are included in the PGE Loan, are interpreted in accordance with New York law (without prejudice to the fact that the PGE Loan is governed by, and shall be governed by, French law).

**Intercreditor Agreement**

The following description is a summary of certain key provisions in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, set forth all relevant exceptions to the provisions below in the Intercreditor Agreement or replicate the provisions below in exactly the way in which they appear in the Intercreditor Agreement.

The Issuer, the direct shareholder of the Issuer, the Guarantors and certain other subsidiaries of the Issuer have entered into an Intercreditor Agreement dated January 31, 2014, to govern the relationships and relative priorities among: (i) the lenders under the Revolving Credit Facility; (ii) any persons who accede to the Intercreditor Agreement as counterparties to certain hedging agreements (collectively, the "Hedging Agreements"; the liabilities under such Hedging Agreements, the "Hedging Liabilities"; and any persons that accede to the Intercreditor Agreement as counterparties to such Hedging Agreements being referred to in such capacity as the "Hedge Counterparties"); (iii) the trustee under the Existing Senior Secured Notes Indentures, on its own behalf and on behalf of the holders of the Existing Senior Secured Floating Rate Notes (for the purpose of this "Description of certain financing arrangements," the "Existing Notes") (the "Existing Noteholders") (the "Existing Notes Trustee"); (iv) certain intragroup creditors and debtors; (v) certain direct or indirect shareholders of the Issuer in respect of certain structural debt that the Issuer or another member of the Group has incurred or may incur in the future (including any subordinated shareholder loans); and (vi) other lenders and creditors.

- In this description, "Group" refers to the Issuer and each of its subsidiaries.
- Each member of the Group that incurs any liability or provides any guarantee under the Revolving Credit Facility, in respect of the Notes or under any other Debt Document (as defined in "*—Further security and incremental borrowings*") is referred to as a "Debtor" and are collectively referred to as the "Debtors."

The Intercreditor Agreement sets forth:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of any assets subject to transaction security (such assets, the "Collateral"; such security, the "Transaction Security"; and the documents constituting such Transaction Security, the "Transaction Security Documents").

The Intercreditor Agreement contains provisions relating to indebtedness that may be incurred by the members of the Group, which is permitted or not prohibited under the Credit Facility Documents (as defined below), the Existing Notes Documents (as defined below), any Pari Passu Debt Document (as defined below) and any Senior Unsecured Notes Document (as defined below) to rank *pari passu* in right of payment with the liabilities under the Revolving Credit Facility Agreement, the liabilities under the Existing Senior Secured Notes Indentures (for the purposes of this section, the "Existing Notes Liabilities," the liabilities under the Indenture (for the purposes of this section, the "Notes Liabilities") and any existing Pari Passu Liabilities (as defined below), then existing and to be secured on the Collateral, subject to the terms of the Intercreditor Agreement (such indebtedness (excluding, for the purposes of this section, any Existing Notes Liabilities) being the "Pari Passu Debt"); the creditors in respect of such indebtedness being the "Pari Passu Creditors"; the liabilities of the Debtors in respect of such indebtedness being the "Pari Passu Liabilities"; and the documents creating or evidencing the Pari Passu Liabilities, the "Pari Passu Debt Documents").

The Intercreditor Agreement also includes provisions relating to indebtedness in the form of senior unsecured notes (such indebtedness being "Senior Unsecured Notes," the liabilities of the Debtors in respect of such indebtedness being "Senior Unsecured Notes Liabilities" and documents creating or evidencing the Senior Unsecured Notes Liabilities, the "Senior Unsecured Notes Documents") that may be incurred by a special purpose entity which is wholly-owned directly or indirectly by LuxCo 5 (other than the Issuer) and is neither a member of the Group nor a subsidiary of the Issuer (such entity, the "Senior Unsecured Notes Issuer") and provisions relating to the liabilities in respect of guarantees granted by each guarantor of the Senior Unsecured Notes (the "Senior Unsecured Notes Guarantee Liabilities"), that is permitted or not prohibited under the Credit Facility Documents, the Existing Notes Documents, any existing Pari Passu Debt Document and any existing Senior Unsecured Note Document to rank equally with any existing Senior Unsecured Notes Liabilities, subject to the terms of the Intercreditor Agreement (the creditors in respect of such indebtedness being the "Senior Unsecured Notes Creditors").

The Intercreditor Agreement also provides for any credit facility constituting a "Credit Facility" under the Existing Senior Secured Notes Indentures, the creditors of which are entitled under the terms of the Existing Notes Documents, any existing Pari Passu Debt Document and any existing Senior Unsecured Notes Document to receive priority in respect of the proceeds of the enforcement against the Collateral (each such facility being a "Credit Facility" and, together with the Revolving Credit Facility, the "Credit Facilities" and each finance document relating thereto (but excluding any Hedging Agreement), a "Credit Facility Document"). Each lender under a Credit Facility is a "Credit Facility Lender" and excluding any Hedging Liabilities, the liabilities of the Debtors to the Credit Facility Lenders are referred to as the "Credit Facility Lender Liabilities."

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of a Debt Document and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail.

By purchasing a Note, holders of the Notes shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and to have authorized the Trustee to accede into the Intercreditor Agreement on their behalf.

The following description is a summary of certain provisions in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety.

*Ranking and priority*

The Intercreditor Agreement provides, subject to the provisions in respect of permitted payments described below, that (i) the Credit Facility Lender Liabilities; (ii) the liabilities of the Debtors with respect to Hedging Agreements entered into in relation to interest rate hedging in respect of (1) any Credit Facility, the Notes or any Senior Unsecured Notes or (2) in respect of Pari Passu Debt (the "Super Senior Hedging Liabilities" and, together with the Credit Facility Lender Liabilities and the Creditor Representative Liabilities owed to the Credit Facility Agent, the "Super Senior Liabilities" and the creditors of the Super Senior Liabilities, the "Super Senior Creditors"); (iii) the liabilities of the Debtors with respect to Hedging Agreements entered into in relation to foreign currency hedging in respect of (1) any Credit Facility, the Notes or the Senior Unsecured Notes or (2) in respect of Pari Passu Debt (the "Non-Super Senior Hedging Liabilities" and the creditors of the Non-Super Senior Hedging Liabilities, the "Non-Super Senior Hedge Counterparties"); (iv) the Notes Liabilities; (v) the Existing Notes Liabilities; (vi) the Pari Passu Liabilities (together with the Notes Liabilities and the Non-Super Senior Hedging Liabilities, the "Senior Secured Liabilities," and the creditors of the Senior Secured Liabilities, the "Senior Secured Creditors"); (vii) the liabilities of the Issuer and the Debtors in respect of the Senior Unsecured Notes (the "Senior Unsecured Notes Liabilities") and (viii) certain other unsecured liabilities, will rank in right and priority of payment in the following order:

- first, the Super Senior Liabilities, the liabilities of any Debtor to an arranger under the Revolving Credit Facility (the "Arranger Liabilities"), the Senior Secured Liabilities and the liabilities owed to the Security Agent will rank *pari passu* and without any preference between them; and
- second, the Senior Unsecured Notes Guarantee Liabilities will rank *pari passu* and without any preference between them.

The intercompany obligations (the "Intra Group Liabilities" and the documents creating or evidencing such Intra Group Liabilities being "Intra Group Debt Documents") of any member of the Group that is party to the Intercreditor Agreement in such capacity to any other member of the Group (each an "Intra Group Lender" and collectively the "Intra Group Lenders") which is party to the Intercreditor Agreement in such capacity are postponed and subordinated to the Liabilities owed by the Debtors to the Primary Creditors (as defined herein). The liabilities owed by any Debtor to any shareholder, direct or indirect, of the Issuer (or any holding company or subsidiary of the Issuer or any other subsidiary of any such holding company that is not a member of the Group) and any of their respective transferees or successors (the "Shareholder Liabilities" and the documents creating or evidencing such Shareholder Liabilities being "Shareholder Debt Documents") are postponed and subordinated to the Liabilities owed by the Debtors to the Primary Creditors.

In this section the Shareholder Liabilities and the Intra Group Liabilities are together referred to as the "Subordinated Liabilities."

The parties to the Intercreditor Agreement have agreed or will agree, as applicable, in the Intercreditor Agreement that the Transaction Security ranks and secures the following liabilities (but only to the extent that such security is expressed to secure those liabilities) in the following order:

- first, the Super Senior Liabilities, the Arranger Liabilities and the Senior Secured Liabilities will rank and secure such liabilities first, *pari passu* and without any preference between them; and
- second (to the extent only of any security granted in favor of the Security Agent over the shares, loans, bonds or other equity or debt instruments issued by the Issuer to the Parent Guarantor or by any holding company of the Parent Guarantor to the Senior Unsecured Notes Issuer (the "SUN Shared Security")), the Senior Unsecured Notes Liabilities.

The Senior Unsecured Notes Liabilities and the Subordinated Liabilities will not be secured by any of the Transaction Security unless permitted by the Credit Facility Documents, the Existing Notes Documents and any Pari Passu Debt Documents. Notwithstanding the foregoing, the Senior Unsecured Notes Liabilities shall be secured by the SUN Shared Security, if any. The Senior Unsecured Notes Liabilities are senior obligations of the Senior Unsecured Notes Issuer. Until the Senior Secured Debt Discharge Date, the Senior Unsecured Notes Creditors may not take any steps to appropriate the assets of the Senior Unsecured Notes Issuer in connection with any enforcement action other than as expressly permitted by the Intercreditor Agreement.

Under the Intercreditor Agreement, all Proceeds from Enforcement of the Collateral and certain other recoveries will be applied as provided under "—*Application of proceeds from Enforcement of Transaction Security*."

*Further security and incremental borrowings*

The creditors in respect of the Super Senior Liabilities and the Senior Secured Liabilities (the Super Senior Liabilities, the liabilities owed to Creditor Representatives (as defined herein, other than in paragraph (f) of that definition), the Senior Secured Liabilities and the Arranger Liabilities, together, the "Secured Liabilities," and the creditors thereof, the "Secured Parties" and the documents evidencing the Secured Liabilities, the "Secured Debt Documents") may take, accept or receive the benefit of additional security and additional guarantees, indemnities or other assurance against loss from any member of the Group in respect of the Secured Liabilities, provided that, if and to the extent legally possible, such security, guarantee, indemnity or other assurance against loss is also granted to the Security Agent as agent and trustee of the other Secured Parties. Any such additional security, guarantee, indemnity or other assurance against loss will rank in the same order of priority as referred to above and the proceeds of the enforcement of any such security will be applied as provided under "*—Application of proceeds from Enforcement of Transaction Security*."

The Intercreditor Agreement contemplates the Debtors (or any of them): (i) incurring incremental borrowing liabilities and/or guarantee liabilities under; or (ii) refinancing the borrowing liabilities incurred under the documents creating or evidencing indebtedness under or in respect of any Credit Facility, the Existing Senior Secured Floating Rate Notes, the Senior Unsecured Notes, the Hedging Liabilities, the Pari Passu Debt or the Subordinated Liabilities (such documents or instruments together with Transaction Security Documents, the Shareholder Debt Documents and the Intra Group Debt Documents being referred to collectively as the "Debt Documents") and/or incurring guarantee liabilities in respect of any indebtedness incurred in connection with any such refinancing (such incremental borrowing liabilities, refinancing liabilities and/or guarantee liabilities being referred to as "Additional Indebtedness") which in any such case are intended to rank *pari passu* with and/or share *pari passu* in any Transaction Security with any existing liabilities and/or to rank behind any existing liabilities and/or to share in the Transaction Security behind such existing liabilities. The Secured Parties and the creditors in respect of the Subordinated Liabilities (the "Subordinated Creditors" and, collectively with the Secured Parties and the Senior Unsecured Notes Creditors, the "Creditors" and each a "Creditor") confirm in the Intercreditor Agreement that, provided such financing or refinancing and such ranking and such security is permitted or not prohibited under the terms of the Debt Documents, they will (at the Debtors' cost) enter into such documentation as may be necessary (including entering into a new intercreditor agreement on substantially the same terms as the Intercreditor Agreement) to ensure that the Additional Indebtedness (and the liabilities and obligations of the Debtors in respect of such Additional Indebtedness) will have the ranking permitted to be conferred upon it in accordance with the terms of the Debt Documents, provided that such documentation does not in any significant respect have a material adverse effect on the interests of any of the Secured Parties.

*Security: Pari Passu Creditors and Notes Creditors*

The Pari Passu Creditors and Notes Creditors may take, accept or receive the benefit of:

(a) security in respect of the Pari Passu Liabilities and Existing Notes Liabilities in addition to the Transaction Security if, at the same time, it is also granted either:

  (i) to the Security Agent as trustee for the other Secured Parties in respect of their secured obligations;

  (ii) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as trustee for the Secured Parties:

    A. to the other Secured Parties in respect of their secured obligations; or

    B. to the Security Agent under a parallel debt structure for the benefit of the other Secured Parties; or

  (iii) in the case of any security granted after the date of the Intercreditor Agreement, to some of the Secured Parties provided that such security is incremental to the Transaction Security that has already been granted in favor of all other Secured Parties and any proceeds derived from the enforcement of such security will be shared with the Secured Parties in accordance with the payment waterfalls set forth in "*—Application of proceeds from Enforcement of Transaction Security*."

and ranks in the same order of priority as that contemplated in "*—Ranking and priority*"; and

(b) any guarantee, indemnity or other assurance against loss in respect of the Pari Passu Liabilities in addition to those in:

  (i) the original form of the Pari Passu Debt Documents and the documents or instruments creating or evidencing the Existing Notes Liabilities (the "Existing Notes Documents");

(ii) the Intercreditor Agreement; or

(iii) any guarantee, indemnity or other assurance against loss given for the benefit of all the Secured Parties in respect of their Secured Liabilities;

only if, in each case (1) the grant of such security or the giving of such guarantee, indemnity or other assurance against loss is permitted by the Credit Facility Documents and (2) at the same time, it is also granted to the Credit Facility Lenders and granted to the other Secured Parties in respect of their respective Secured Liabilities and ranks in the same order of priority as that contemplated in "—*Ranking and priority*."

***Permitted payments***

The Intercreditor Agreement permits, prior to the occurrence of an acceleration event in respect of a Credit Facility, the Pari Passu Liabilities and the Existing Notes Liabilities (a "Secured Debt Acceleration Event"), payments to be made by the Debtors under the Revolving Credit Facility, the Existing Notes Documents and Pari Passu Debt Documents, in each case, in accordance with the terms of the relevant Credit Facility Agreement, the Existing Notes Documents and Pari Passu Debt Documents, but subject to, in the case of payments in respect of the Pari Passu Liabilities and Notes Liabilities, any restrictions under the Credit Facility Documents, the Notes Documents and any Pari Passu Debt Documents then outstanding. Following the occurrence of a Secured Debt Acceleration Event, subject to certain exceptions, payments can only be made by the Debtors applying the amounts received by the relevant Debtor under the process described under "—*Application of proceeds from Enforcement of Transaction Security*." The restriction in the foregoing sentence shall not apply (i) where, provided that the Majority Super Senior Creditors constitute the Instructing Group in accordance with "—*Enforcement decision*," a payment block suspension notice has been delivered by the Credit Facility Agent to the Security Agent in accordance with the terms of the Intercreditor Agreement or (ii) to the extent that such Secured Debt Acceleration Event has subsequently been cancelled and/or irrevocably revoked in writing by each relevant Creditor Representative.

The Intercreditor Agreement also permits payments in respect of Senior Unsecured Notes Guarantee Liabilities prior to the Secured Debt Discharge Date (as defined below) to be made by the Debtors under the Senior Unsecured Notes Documents including if (a) (i) the payment is of any principal amount of the Senior Unsecured Notes Liabilities or the Senior Unsecured Notes Issuer Liabilities which is either not prohibited from being paid by the Credit Facility, the Existing Notes Documents and any Pari Passu Debt Document or is paid on or after the final maturity date of the Senior Unsecured Notes Liabilities (provided that such maturity date is a date not earlier than one year after the Termination Date at the time of issuance of such Senior Unsecured Notes) or is a payment of any amount that is not an amount of principal or capitalized interest or a corresponding amount under the relevant proceeds loan for the Senior Unsecured Notes (such amount including all scheduled interest payments, including if applicable, special interest or liquidated damages) and default interest on the Senior Unsecured Notes Liabilities accrued due and payable in cash in accordance with the terms of the relevant Debt Document, additional amounts payable as a result of the tax gross-up provisions relating to the Senior Unsecured Notes Liabilities and amounts in respect of currency indemnities in the relevant indenture for the Senior Unsecured Notes and/or applicable proceeds loan, (ii) no notice of a Secured Debt Event of Default (as defined herein) has been delivered by the Credit Facility Agent, the Existing Notes Trustee or the Pari Passu Debt Representative(s) (as the case may be); and (iii) no payment default under any Credit Facility, the Existing Senior Secured Notes Indentures (above an agreed threshold) and the Pari Passu Debt Documents (above an agreed threshold) has occurred and is continuing; (b) the Majority Super Senior Creditors (as defined herein) and the Existing Notes Trustee and the Pari Passu Debt Representative(s) give prior consent to that payment being made; (c) the payment is of amounts owing to the Senior Unsecured Notes Trustee (the "Senior Unsecured Notes Trustee Amounts"); (d) the payment is of administrative and maintenance costs, fees, expenses and taxes of the Issuer (in acting as the issuer of the Senior Unsecured Notes) including any reporting or listing requirements, as permitted under the terms of the Credit Facilities; or (e) the payment is of costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Unsecured Notes Documents in compliance with the Intercreditor Agreement, the Credit Facilities, the Existing Notes Documents and the Pari Passu Debt Documents.

The Intercreditor Agreement also permits payments to be made from time to time when due to lenders owed any Intra Group Liabilities ("Intra Group Liabilities Payments") if at the time of payment no Secured Debt Acceleration Event or an acceleration event in respect of the Senior Unsecured Notes Liabilities has occurred and is continuing (an "Acceleration Event"). The Intercreditor Agreement permits Intra Group Liabilities Payments if (i) an Acceleration Event has occurred prior to the date on which the Super Senior Liabilities are discharged in full (the "Super Senior Discharge Date"), with the consent of the Instructing Group (as defined, and further described, in "—*Enforcement decision*"); (ii) an Acceleration Event has occurred after the Super Senior Discharge Date but prior to the date on which the Senior Secured Liabilities are discharged in full (the "Senior Secured Discharge Date"), with the consent of the Notes/Pari Passu Required Holders (acting through their Creditor Representatives); (iii) an Acceleration Event has occurred after the Senior Secured Discharge Date but prior to the later of the date on which the Senior Unsecured Notes Liabilities are discharged (the "Senior Unsecured Notes Discharge Date"), with the consent of the Senior Unsecured Notes Required Holders (as defined herein) (acting through their Creditor Representatives); (iv) that payment is made to facilitate payment of the Super Senior Liabilities or Senior Secured Liabilities; or (v) to the extent a Secured Debt Acceleration Event has subsequently been cancelled and/or irrevocably revoked in writing by each relevant Creditor Representative, the payment is made to facilitate payments of the Senior Unsecured Notes Liabilities that are permitted to be paid under the terms of the Intercreditor Agreement and, if such payment is made pursuant to Senior Unsecured Notes Guarantees, it would be permitted at such time. At any time prior to an Acceleration Event, each Debtor may convert its Intra Group Liabilities into equity.

Payments may be made on Shareholder Liabilities from time to time when due if: (i) the payment is not prohibited by a Credit Facility, the Existing Notes Documents, the Pari Passu Debt Documents or the Senior Unsecured Notes Documents; (ii) the payment is to be made to the Senior Unsecured Notes Issuer in respect of any Senior Unsecured Notes Issuer Liabilities made in order to make a corresponding payment in Senior Unsecured Notes Liabilities which is then due and payable by the Senior Unsecured Issuer pursuant to the Senior Unsecured Notes Documents (or in the case of a payment in respect of scheduled interest, such payment will become due and payable within three business days) to be made at the time such payment of Shareholder Liabilities is made to the Senior Unsecured Notes Issuer; (iii) prior to the Super Senior Discharge Date, the Instructing Group (as defined below) gives written consent to such payment being made; (iv) on or after the Super Senior Discharge Date but prior to the Senior Secured Discharge Date, the Notes/Pari Passu Required Holders (acting through their Creditor Representative (as defined below)) give written consent to such payment being made; or (v) after the Secured Debt Discharge Date but prior to Senior Unsecured Discharge Date, the Senior Unsecured Notes Required Holders (acting through their Creditor Representative (as defined below)) give written consent to such payment being made. At any time prior to an Acceleration Event, Shareholder Liabilities may be converted into equity.

***Creditor Representative***

Under the Intercreditor Agreement, the parties will appoint various creditor representatives. "Creditor Representative" means:

(a) in relation to the lenders under the Revolving Credit Facility, the facility agent under the Revolving Credit Facility Agreement;

(b) in relation to the Credit Facility Lenders under any other Credit Facility, the facility agent in respect of that credit facility (an "Additional Credit Facility Agent," and, together with the facility agent under the Revolving Credit Facility Agreement, a "Credit Facility Agent");

(c) in relation to the Existing Noteholders, the Existing Notes Trustee;

(d) in relation to the Senior Unsecured Noteholders, the Senior Unsecured Notes Trustee;

(e) in relation to any Pari Passu Creditors, the creditor representative for that tranche of Pari Passu Creditors (each a "Pari Passu Debt Representative"); and

(f) in relation to any Hedge Counterparty, such Hedge Counterparty (which shall be its own Creditor Representative).

***Issue of Senior Unsecured Payment Stop Notice***

(a) Until the later of the Super Senior Discharge Date and the Senior Secured Discharge Date (the "Secured Debt Discharge Date"), except with the prior consent of the Credit Facility Agent, the consent of the Existing Notes Trustee and the Pari Passu Debt Representative(s), and subject to the provisions of the Intercreditor Agreement which deal with the effects of an insolvency event, the Issuer shall ensure that no member of the Group shall make, and no Senior Unsecured Noteholder may receive from any member of the Group, any payment in respect of the Senior Unsecured Notes which would otherwise be permitted as referred to above (other than the Senior Unsecured Notes Trustee Amount) if:

    (i) a payment default under the Secured Debt Documents (a "Secured Debt Payment Default") has occurred and is continuing; or

(ii) an event of default under a Credit Facility Document, the Existing Notes Documents or the Pari Passu Debt Documents (other than a Secured Debt Payment Default) (a "Secured Debt Event of Default") has occurred and is continuing, from the date on which the Credit Facility Agent or the Existing Notes Trustee or the Pari Passu Debt Representative (as the case may be) (the "Relevant Representative") delivers a notice (a "Senior Unsecured Payment Stop Notice") specifying the event or circumstance in relation to that Secured Debt Event of Default to the Senior Unsecured Notes Issuer, the Security Agent and the Senior Unsecured Notes Trustee, until the earliest of:

A. the date falling 179 days after delivery of that Senior Unsecured Payment Stop Notice;

B. the date on which a Senior Unsecured Notes Default (as defined below) occurs for failure to pay principal at the original scheduled maturity of the Senior Unsecured Notes;

C. in relation to payments of Senior Unsecured Notes Liabilities, if a Senior Unsecured Standstill Period (as defined below) is in effect at any time after delivery of that Senior Unsecured Payment Stop Notice, the date on which that Senior Unsecured Standstill Period expires;

D. the date on which the relevant Secured Debt Event of Default is no longer continuing and, if the relevant Secured Liabilities have been accelerated, such acceleration has been rescinded;

E. the date on which the Relevant Representative delivers a notice to the Senior Unsecured Notes Issuer, the Security Agent and the Senior Unsecured Notes Trustee cancelling the Senior Unsecured Payment Stop Notice;

F. the later of the Super Senior Discharge Date and the Senior Secured Discharge Date; and

G. the date on which the Senior Unsecured Notes Trustee takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

(b) Unless the Senior Unsecured Notes Trustee waives this requirement:

(i) a new Senior Unsecured Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Unsecured Payment Stop Notice; and

(ii) no Senior Unsecured Payment Stop Notice may be delivered in reliance on a Secured Debt Event of Default more than 60 days after the date the Credit Facility Agent, the Notes Trustee or the Pari Passu Debt Representative (as applicable) received notice of that Secured Debt Event of Default.

(c) The Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) may serve only one Senior Unsecured Payment Stop Notice with respect to the same event or set of circumstances but this shall not, subject to paragraph (b) above, affect the right of the Credit Facility Agent, the Notes Trustee or the Pari Passu Debt Representative(s) to issue a Senior Unsecured Payment Stop Notice in respect of any other event or set of circumstances.

(d) The Credit Facility Agent, the Notes Trustee and the Pari Passu Debt Representative(s) may not serve a Senior Unsecured Payment Stop Notice with respect to a Secured Debt Event of Default that had been notified to each of them at the time at which an earlier Senior Unsecured Payment Stop Notice was issued.

***Cure of payment stop: Senior Unsecured Noteholders***

If at any time following the issuance of a Senior Unsecured Payment Stop Notice or the occurrence of a Secured Debt Payment Default:

(a) the Senior Unsecured Payment Stop Notice ceases to be outstanding and/or the Secured Debt Payment Default ceases to be continuing, as the case may be; and

(b) the relevant Debtor then promptly pays to the Senior Unsecured Noteholders an amount equal to any payments which had accrued under the Senior Unsecured Notes Documents and which would have been permitted payments but for that Senior Unsecured Payment Stop Notice or Secured Debt Payment Default, then any Event of Default that may have occurred as a result of that suspension of payments shall be waived and any Senior Unsecured Enforcement Notice (as defined below) that may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the Senior Unsecured Noteholders.

***Restrictions on enforcement/certain challenges by Senior Unsecured Noteholders***

Until the Secured Debt Discharge Date, except with the prior consent of or as required by the Instructing Group, no Senior Unsecured Noteholder shall take or require the taking of any enforcement action in relation to the Senior Unsecured Notes Guarantee Liabilities except as permitted under the Intercreditor Agreement (see *"—Permitted Senior Unsecured Notes Guarantee enforcement*" below).

***Permitted Senior Unsecured Notes Guarantee enforcement***

(a) The above restrictions on enforcement will not apply if:

(i) an event of default (or event or circumstance which would, with the expiration of a grace period, the giving of notice, the making of any determination provided for in the relevant definition of "Event of Default" in the Senior Unsecured Notes Indenture or any combination of the foregoing, be an event of default) under any Senior Unsecured Notes Indenture (a "Senior Unsecured Notes Default") (such default being a "Relevant Senior Unsecured Notes Default") is continuing;

(ii) the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) have received a notice of the Relevant Senior Unsecured Notes Default specifying the event or circumstance in relation to the Relevant Senior Unsecured Notes Default from the Senior Unsecured Notes Trustee;

(iii) a Senior Unsecured Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Senior Unsecured Notes Default is continuing at the end of the relevant Senior Unsecured Standstill Period.

(b) Promptly upon becoming aware of a Senior Unsecured Notes Default, the Senior Unsecured Notes Trustee may, by notice (a "Senior Unsecured Enforcement Notice") in writing notify the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) of the existence of such Senior Unsecured Notes Default.

***Senior Unsecured Standstill Period***

In relation to a Relevant Senior Unsecured Notes Default, a Senior Unsecured Standstill Period shall mean the period beginning on the date (the "Senior Unsecured Standstill Start Date") the Senior Unsecured Notes Trustee serves a Senior Unsecured Enforcement Notice on the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) in respect of such Relevant Senior Unsecured Notes Default and ending on the earliest to occur of:

(a) the date falling 179 days after the Senior Unsecured Standstill Start Date (the "Senior Unsecured Standstill Period");

(b) the date the Secured Parties take any enforcement action (excluding any action taken to preserve or perfect any Collateral as opposed to realizing it) in relation to a Senior Unsecured Notes Guarantor, provided that the Senior Unsecured Noteholders may then only take the same enforcement action in relation to the Senior Unsecured Notes Guarantor as the enforcement action taken by the Secured Parties against such Senior Unsecured Notes Guarantor and not against any other member of the Group;

(c) the date of an insolvency event in relation to a Senior Unsecured Notes Guarantor against whom enforcement action is to be taken;

(d) the date on which a Senior Unsecured Notes Default occurs for failure to pay principal at the original scheduled maturity of the Senior Unsecured Notes; and

(e) the expiration of any other Senior Unsecured Standstill Period outstanding at the date such first Senior Unsecured Standstill Period commenced (unless that expiration occurs as a result of a cure, waiver or other permitted remedy).

The Senior Unsecured Noteholders may take enforcement action as described above in relation to a Relevant Senior Unsecured Notes Default even if, at the end of any relevant Senior Unsecured Standstill Period or at any later time, a further Senior Unsecured Standstill Period has begun as a result of any other Relevant Senior Unsecured Notes Default.

If the Security Agent has notified the Senior Unsecured Notes Trustee that it is enforcing Transaction Security created over (directly or indirectly) shares of a Senior Unsecured Notes Guarantor, no Senior Unsecured Noteholder may take any action referred to in "—*Permitted Senior Unsecured Notes Guarantee enforcement*," against that Senior Unsecured Notes Guarantor while the Security Agent is, in accordance with the instructions of the Instructing Group, taking steps to enforce that Collateral where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

***Enforcement instructions***

The Security Agent may refrain from enforcing the Transaction Security or taking any other enforcement action unless otherwise instructed by the relevant Instructing Group (as further described in "—*Enforcement decision*" below).

Subject to the Transaction Security having become enforceable in accordance with its terms and subject to the terms of the Intercreditor Agreement, the Instructing Group may give instructions to the Security Agent as to the enforcement of the Transaction Security as they see fit provided that the instructions as to enforcement given by the Instructing Group are consistent with the Security Enforcement Principles (as defined herein).

***Enforcement decision***

If either the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders (acting through their Creditor Representatives) (the "Instructing Group") wish to instruct the Security Agent to commence enforcement of any Transaction Security, such group of creditors must deliver a copy of the proposed instructions as to enforcement (the "Proposed Enforcement Instructions") to the Security Agent and the Creditor Representative for each of the Super Senior Creditors and the Senior Secured Creditors (as appropriate). The Security Agent shall promptly notify each Creditor Representative of the Super Senior Creditors, the Existing Notes Trustee and each of the Pari Passu Representatives upon receipt of such Proposed Enforcement Instructions.

Prior to the Super Senior Discharge Date, if the Security Agent has received any Proposed Enforcement Instructions, then the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions of the Notes/Pari Passu Required Holders (and the Notes/Pari Passu Required Holders shall be the Instructing Group for the purpose of "—*Enforcement instructions*" above, in each case, acting through their respective Creditor Representative) provided that such instructions are consistent with certain Security Enforcement Principles (as referred to below) and failure to give instructions will be deemed to be an instruction not to take Enforcement steps.

In the event that:

(a) from the date that is three months after the date upon which the first Proposed Enforcement Instructions (including such instructions not to take Enforcement steps) are delivered, the Security Agent (acting on the instructions of the Notes/Pari Passu Required Holders) has not taken any Enforcement Action of the Transaction Security; or

(b) the Super Senior Liabilities have not been fully discharged in cash within six months of the date upon which the first such Proposed Enforcement Instructions (including any such instructions not to take Enforcement steps) are delivered,

then (with effect from the date of the earlier to occur of such events), the Majority Super Senior Creditors shall become the Instructing Group for the purposes of "—*Enforcement instructions*" above.

If at any time the Security Agent has not taken any Relevant Enforcement Action of the Transaction Security notwithstanding the Transaction Security having become enforceable in accordance with its terms, a Creditor Representative acting on behalf of the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders, as the case may be, may at any time provide immediate instructions as to Enforcement to the Security Agent. If the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders determine in good faith (and notify the Creditor Representatives of the other Super Senior Creditors, the Notes Creditors, the Pari Passu Creditors and the Security Agent) the delay in taking Enforcement Action of the Transaction Security could reasonably be expected to have a material adverse effect on:

(i) the Security Agent's ability to enforce the Transaction Security; or

(ii) the realization proceeds of any enforcement of the Transaction Security, and the Security Agent shall act with respect to the relevant asset or Debtor that is the subject of the determination pursuant to (i) or (ii) above, in accordance with the first such notice of determination and instructions as to Enforcement received by the Security Agent (provided in each case that such instructions are consistent with certain Security Enforcement Principles (referred to herein)).

If at any time an insolvency event has occurred with respect to any Debtor or Security Provider (other than an insolvency event which is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders), the Security Agent shall act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from such Majority Super Senior Creditors, provided that in the event the Security Agent has received Proposed Enforcement Instructions from the Creditor Representative for the Notes/Pari Passu Required Holders and has commenced Relevant Enforcement Action pursuant to such instructions, the Security Agent shall continue to act in accordance with the instructions of the Creditor Representative for the Notes/Pari Passu Required Holders until such time as the Creditor Representative for the Majority Super Senior Creditors issues enforcement instructions to the Security Agent and such instructions shall override and supersede any such prior instructions given by the Creditor Representative for the Notes/Pari Passu Required Holders.

Other than where the preceding two paragraphs apply, if, prior to the Super Senior Discharge Date, the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders (in each case, acting reasonably) consider that the Security Agent is enforcing the Transaction Security in a manner that is not consistent with the Security Enforcement Principles (as referred to herein), the Creditor Representatives for the relevant Super Senior Creditors or Senior Secured Creditors shall give notice to the Creditor Representatives for the other Super Senior Creditors and Senior Secured Creditors (as appropriate), after which the Creditor Representatives for the other Super Senior Creditors, the Existing Notes Trustee and each Pari Passu Debt Representative shall consult with the Security Agent for a period of 15 days (or such lesser period as the relevant Creditor Representatives may agree) with a view to agreeing to the manner of enforcement provided that such Creditors' Representatives shall not be obligated to consult in the manner referred to in this paragraph more than once in relation to each enforcement action.

After the Super Senior Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Notes/Pari Passu Required Holders.

***Limitation on enforcement of shareholder liabilities***

Creditors in respect of the Shareholder Liabilities will not be permitted to take any enforcement action in respect of such liabilities prior to the last to occur of the Super Senior Discharge Date, the Senior Secured Discharge Date and the Senior Unsecured Notes Discharge Date (the "Final Discharge Date") save that, prior to the Final Discharge Date and after the occurrence of an insolvency event in relation to any Debtor or member of the Group or grantor of Transaction Security, each such Creditor may only (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Creditor in accordance with the terms of the Intercreditor Agreement), and shall, if so directed by the Security Agent, exercise any right it may otherwise have against that member of the Group to:

(a) accelerate any of that member of the Group's Shareholder Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Shareholder Liabilities;

(c) exercise any right of set-off or take or receive any payment in respect of any Shareholder Liabilities of that member of the Group; or

(d) claim and prove in the liquidation of that member of the Group for the Shareholder Liabilities owing to it,

but shall not take any other enforcement action.

***Limitation on enforcement of Intra Group Liabilities***

Creditors in respect of the Intra Group Liabilities will not be permitted to take any enforcement action in respect of such liabilities prior to the Final Discharge Date except that, prior to the Final Discharge Date and after the occurrence of an insolvency event in relation to any member of the Group or grantor of Transaction Security, each Intra Group Lender may only (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Intra Group Lender in accordance with the Intercreditor Agreement) and shall, if so directed by the Security Agent, exercise any right it may otherwise have against that member of the Group to:

(a) accelerate any of that Group member's Intra Group Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Intra Group Liabilities;

(c) exercise any right of set-off or take or receive any payment in respect of any Intra Group Liabilities of that member of the Group; or

(d) file claims, or claim and prove in the liquidation of that member of the Group for the Intra Group Liabilities owing to it, but shall not take any other enforcement action.

***Security Enforcement Principles***

A Creditor Representative may only give enforcement instructions that are consistent with the following security enforcement principles (the "Security Enforcement Principles"):

(a) it shall be the primary and overriding aim of any enforcement of the Transaction Security to achieve the security enforcement objective, such objective being to maximize the recovery by the Super Senior Creditors and the Senior Secured Creditors so far as such recovery is consistent with prompt and expeditious realization of value from enforcement of the Transaction Security (the "Security Enforcement Objective");

(b) without prejudice to the Security Enforcement Objective, the Transaction Security will be enforced and other enforcement action will be taken such that either:

   (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the terms of the Intercreditor Agreement (as further described in "—*Application of proceeds from Enforcement of Transaction Security*"); or

   (ii) in the case of enforcement by the Notes/Pari Passu Required Holders, sufficient proceeds from Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the terms of the Intercreditor Agreement (see *"—Application of proceeds from Enforcement of Transaction Security*"), the Super Senior Liabilities are repaid and discharged in full in cash (unless the Majority Super Senior Creditors agree otherwise); and

(c) to the extent that the Transaction Security that is the subject of the proposed enforcement action is:

   (i) securing assets other than shares in a member of the Group where the aggregate book value of such assets exceeds EUR 1 million (or its equivalent); or

   (ii) over some or all of the shares in a member of the Group,

then the Security Agent shall, if requested by the Instructing Group, and at the expense of the Issuer (to the extent that financial advisors have not adopted a general policy of not providing such opinions) appoint an internationally recognized investment bank or accountancy firm or, if it is not practicable for the Security Agent to appoint any such bank or firm on commercially reasonable terms (including for reasons of conflicts of interest) as determined by the Security Agent (acting in good faith), another third-party professional firm that is regularly engaged in providing valuations in respect of the relevant type of assets (in each case not being the firm appointed as the relevant Debtor's administrator or other relevant officer holder) selected by the Security Agent (a "Financial Advisor") to opine as expert that the consideration received from any disposal is fair from a financial point of view taking into account all relevant circumstances (a "Financial Advisor's Opinion");

(a) the Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement. Prior to making any appointment of a Financial Advisor, the Security Agent is entitled to ensure that cost cover (at a level it is satisfied with, acting reasonably) has been provided;

(b) the Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met;

(c) where the Instructing Group is the Notes/Pari Passu Required Holders, the Notes/Pari Passu Required Holders may waive the requirement for a Financial Advisor's Opinion where sufficient Proceeds from Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the terms of the Intercreditor Agreement (see *"—Application of proceeds from Enforcement of Transaction Security*"), the Super Senior Liabilities are repaid and discharged in full; and

(d) in the event that an enforcement of the Transaction Security is conducted by way of Public Auction (as defined below), no Financial Advisor shall be required to be appointed, and no Financial Advisor's Opinion shall be required, in relation to such enforcement, provided that the Security Agent shall be entitled (but not obligated) to appoint a Financial Advisor to provide such advice as the Security Agent deems appropriate in relation to such enforcement by way of Public Auction.

The Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Existing Notes Required Holders, the Pari Passu Debt Required Holders of each tranche of Pari Passu Debt and the Security Agent.

"Public Auction" means an auction or other competitive sale process of assets, by or on behalf of the Security Agent pursuant to an enforcement of Transaction Security (or by a member of the Group in circumstances that are a Distressed Disposal (as defined herein)), the process of such sale or disposal having been conducted as follows:

(a) prior to the sale or other disposal, the Security Agent shall, in respect of such auction or other competitive sale process, consult with an internationally recognized investment bank or accounting firm selected by the Security Agent (acting reasonably) with respect to the procedures which may reasonably be expected to be used to obtain a fair market price in the then prevailing market conditions (taking into account all relevant circumstances and in order to facilitate a prompt and expeditious sale at a fair market price in the prevailing market conditions although there shall be no obligation to postpone any such sale in order to achieve a higher price);

(b) the Security Agent shall have implemented (to the extent permitted by law) in all material respects the procedures recommended by such bank or firm in relation to such auction or process;

(c) the Secured Parties shall have a right to participate; and

(d) HoldCo shall not have the right to participate without the consent of the Majority Super Senior Creditors (excluding the Hedge Counterparties), the Existing Notes Required Holders and the Pari Passu Debt Required Holders of each tranche of Pari Passu Debt if such auction or competitive sale process is in respect of SUN Shared Security or assets that were secured by such SUN Shared Security before foreclosure thereof.

For the purposes of paragraphs (a), (b), (c) and (d) above:

(i) the Security Agent shall be entitled to retain any such internationally recognized investment bank or accounting firm as its and/or any of the other Secured Parties' financial advisor to advise and assist in the proposed sale or disposition for such remuneration as the Security Agent in good faith determines is appropriate for the circumstances;

(ii) except as required by applicable law, the Security Agent shall not have any obligation to any person to engage in or to use reasonable efforts to engage in a listing of any or all of any equity interests the subject of such auction or other competitive sale process, including, without limitation, if recommended by such investment bank or accounting firm; and

(iii) by reason of certain prohibitions, or exemptive or safe-harbor provisions from such prohibitions, contained in law or regulations of any applicable governmental authority, the Security Agent may, with respect to any sale of all or any part of such equity interests or assets:

limit purchasers to those who meet the requirements of such governmental authority or exemptive or safe-harbor provision (as applicable) and/or make representations and undertakings satisfactory to the Security Agent relating to compliance with such requirements and/or provisions; and/or

limit purchasers to persons who will agree, among other things to acquire such shares for their own account, for investment and not with a view to the distribution or resale thereof;

(iv) the Security Agent and other Secured Parties shall not under any circumstances be required to make representations, warranties or undertakings to any actual or proposed purchaser (other than customary representations in a security enforcement as to power to transfer the relevant equity interests pursuant to the Transaction Security Documents) or to indemnify any actual or proposed purchaser against any costs, liabilities or similar expenses or losses; and

(v) without limitation to the other circumstances of the sale or other disposition that the Security Agent and such investment bank or accounting firm may take into consideration, the Security Agent may (but is not required to) in all circumstances specify that no offer to purchase equity interest or other assets will be entertained unless such offer:

A. is for all (and not some only) of the equity interests being sold or otherwise disposed;

B. is for cash consideration payable at closing (and therefore not including, for the avoidance of doubt, any element of deferred compensation) and is not subject to any financing conditions; and/or

C. contemplates a closing of the sale of the equity interests or other assets in not more than three (3) months (or such longer period as the Security Agent may specify) from the time of initiation of the sale or disposition process; and

(vi) a "right to participate":

A. means any offer, or indication of a potential offer, that a Secured Party makes shall be considered by the Security Agent or such investment bank or accounting firm against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder. For the avoidance of doubt, if after having applied that same criteria, the offer or indication of a potential offer made by a Secured Party is not considered by the Security Agent or such investment bank or accounting firm to be sufficient to continue in the sale or disposal process, such consideration being against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder (such continuation may include being invited to review additional information or being invited to have an opportunity to make a subsequent or revised offer, whether in another round of bidding or otherwise) then the right to participate of that Secured Party under the Intercreditor Agreement shall be deemed to be satisfied; and

B. shall not apply if the Security Agent believes in good faith that it may (or there is a risk that it may) result in a violation of any applicable laws or that it may (or there is a risk that it may) result in a requirement for registration under any applicable securities laws.

For the purposes of paragraph (a) above, such investment bank or accounting firm may be instructed by the Security Agent to take the limitations set out in subparagraphs (i) to (vi) (inclusive) above into account and to formulate recommendations that are consistent with them.

***Exercise of voting rights***

Each Creditor (other than the Credit Facility Lenders, the Revolving Credit Facility Agent, the Existing Notes Trustee, the Pari Passu Debt Representative(s) and the Senior Unsecured Notes Trustee) will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent and the Security Agent shall give instructions for these purposes as directed by the Instructing Group, provided that such instructions have been given in accordance with the terms of the Intercreditor Agreement.

***Turnover***

*Turnover by Primary Creditors*

The Intercreditor Agreement provides that if any creditor in respect of the Super Senior Liabilities, the Non-Super Senior Hedging Liabilities, the Existing Notes Liabilities, the Pari Passu Liabilities or the Senior Unsecured Notes Liabilities (the "Primary Creditors") receives or recovers the proceeds of any enforcement of any Transaction Security (whether before or after an insolvency event) other than in accordance with the payment waterfall described in "*—Application of proceeds from Enforcement of Transaction Security*," that Primary Creditor will, subject to certain exceptions:

(a) in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold that amount in trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

*Turnover by Senior Unsecured Notes Creditors and Subordinated Creditors*

The Intercreditor Agreement provides that if any Senior Unsecured Notes Creditor or any creditor of any Subordinated Liabilities receives or recovers:

(a) any payment or distribution of, or on account of, or in relation to any such liabilities that is not otherwise permitted under the Intercreditor Agreement or made in accordance with the payment waterfall described in "—*Application of proceeds from Enforcement of Transaction Security*" below;

(b) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any such liabilities which is not otherwise permitted under the Intercreditor Agreement or which does not give effect to a payment or enforcement action which is otherwise permitted to be made, received or taken by the relevant creditor under the Intercreditor Agreement;

(c) other than by way of set-off permitted under the Intercreditor Agreement, any amount on account of, or in relation to, any of such liabilities after the occurrence of an Secured Debt Acceleration Event or the enforcement of any Transaction Security (a "Distress Event") or as a result of any other litigation or proceedings against a Debtor or a member of the Group (other than after the occurrence of an insolvency event in respect of that Debtor or that member of the Group), other than, in each case, any amount received or recovered in accordance with the payment waterfall described in "—*Application of proceeds from Enforcement of Transaction Security*" below;

(d) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any of such liabilities after the occurrence of a Distress Event; or

(e) other than by way of set-off permitted under the Intercreditor Agreement, any distribution in cash or in kind or payment of, or on account of or in relation to, any of such liabilities that is not made in accordance with the payment waterfall described in "—*Application of proceeds from Enforcement of Transaction Security*" below and which is made as a result of, or after, the occurrence of an insolvency event in respect of that Debtor,

the relevant Senior Unsecured Notes Creditor or Subordinated Creditor (as applicable) will, subject to certain exceptions:

(i) in relation to receipts or recoveries not received or recovered by way of set-off, (A) hold that amount on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (B) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

***Application of proceeds from Enforcement of Transaction Security***

The Intercreditor Agreement provides that amounts received from the realization or enforcement of all or any part of the Transaction Security will be applied in the following order of priority:

(a) first, *pari passu* and pro rata in or towards payment of: (A) any sums owing to the Security Agent or any delegate appointed by the Security Agent or any receiver, any Pari Passu Debt Representative in respect of any Pari Passu Debt issued in the form of notes, any amounts owing to the Existing Notes Trustee, any Senior Unsecured Notes Trustee Amounts payable to the Senior Unsecured Notes Trustee and (B) the liabilities owed to the Revolving Credit Facility Agent and each Creditor Representative (to the extent not included in the foregoing and excluding any Hedge Counterparty in its capacity as its own Creditor Representative) of any unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of each such Creditor Representative and any receiver, attorney or agent appointed by such Creditor Representative under any Transaction Security Document or the Intercreditor Agreement (to the extent that such Transaction Security has been given in favor of such obligations);

(b) second, *pari passu* and pro rata in or toward payment of all costs and expenses incurred by the holders of Super Senior Liabilities and the holders of Senior Secured Liabilities in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

(c) third, *pari passu* and pro rata in or toward payment to: (i) the Revolving Credit Facility Agent on behalf of the Revolving Credit Facility finance parties and on behalf of the arrangers under the Revolving Credit Facility and each Creditor Representative in respect of a Credit Facility on behalf of the arrangers and lenders under and in respect of that Credit Facility; and (ii) the Hedge Counterparties in respect of the Super Senior Hedging Liabilities, for application towards the discharge of (A) the Credit Facility Lender Liabilities and related liabilities owed to the arrangers under the Revolving Credit Facility and the Credit Facility Lender Liabilities and related liabilities owed to the arrangers under such Credit Facility in accordance with the terms of the Credit Facility Documents and (B) the Super Senior Hedging Liabilities on a *pari passu* and pro rata basis as between (A) and (B);

(d) fourth, *pari passu* and pro rata in or toward payment to: (i) the Existing Notes Trustee on behalf of the Existing Noteholders; (ii) the relevant Pari Passu Debt Representative on behalf of the Pari Passu Creditors; and (iii) to the Non-Super Senior Hedge Counterparties, for application towards the discharge of (A) the Existing Notes Liabilities; (B) the Pari Passu Liabilities; and (C) the Non-Super Senior Hedging Liabilities on a *pari passu* and pro rata basis as between (A), (B) and (C); and

(e) fifth, to the extent paid out of enforcement proceeds resulting from the enforcement of SUN Shared Security, the Senior Unsecured Notes Guarantee or proceeds from a Distressed Disposal in relation to assets that were previously secured by such SUN Shared Security, in payment or distribution to each Senior Unsecured Notes Trustee on behalf of the Senior Unsecured Noteholders or, if there is no Senior Unsecured Notes Trustee acting on behalf of any relevant Senior Unsecured Noteholders, such Senior Unsecured Noteholders for application towards the discharge of the Senior Unsecured Notes Liabilities owed to the Senior Unsecured Noteholders (in accordance with the terms of the Senior Unsecured Notes Documents); and the balance, if any, in payment or distribution to the Security Providers, any member of the Group or any other party entitled to receive it.

***Release of the Guarantees and the security***

*Non-Distressed Disposal*

In circumstances where a disposal of an asset of the Group which is subject to the Transaction Security is not being effected (a) by enforcement of the Transaction Security; (b) at the request of the Instructing Group, after the Transaction Security has become enforceable; or (c) in the case of a disposal to a person or persons outside the Group, after a Secured Debt Acceleration Event or a Distress Event has occurred (each a "Distressed Disposal") and is otherwise permitted by the Credit Facility Documents, the Existing Notes Documents, the Pari Passu Debt Documents and the Senior Unsecured Notes Documents (together the "Senior Debt Documents," and such disposal, a "Non-Distressed Disposal"), the Intercreditor Agreement provides that the Security Agent is authorized (i) to release the Transaction Security or any other claim relating to a Debt Document over the relevant asset; and (ii) if the relevant asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim relating to a Debt Document over the assets of that Debtor and the shares in and assets of any of its subsidiaries, provided that if an asset which is the subject of a Non-Distressed Disposal is transferred to another member of the Group the release of the Transaction Security must be permitted under the terms of the Credit Facilities, the Existing Notes Documents and any Pari Passu Debt Documents and, to the extent that replacement Transaction Security is required from the transferee under the terms of the Debt Documents, such Transaction Security will (subject to any other requirements relating to the release, retaking, amendment or extension of the Transaction Security under the Debt Documents) be granted at the same time as (or before) the relevant disposals are effected.

If any proceeds from a Non-Distressed Disposal are required to be applied in mandatory prepayment of any of the Secured Liabilities or to be offered to any Secured Party pursuant to the terms of the Secured Debt

Documents, then such proceeds will be applied in or towards payment of such Secured Liabilities or shall be offered to the relevant Secured Parties in accordance with the terms of the relevant Secured Debt Documents and the consent of any other party will not be required for that application.

*Distressed Disposal*

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement provides that the Security Agent is authorized: (a) if the asset being disposed of consists of shares in the capital of a Debtor, to release: (i) the Transaction Security over the assets of that Debtor or any subsidiary of that Debtor; (ii) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities in respect of the Debt Documents (other than borrowing liabilities owed by the Issuer to the Primary Creditors), its liabilities as guarantor in respect of the Debt Documents and any trading or other liabilities it may have to an Intra Group Lender or another Debtor ("Other Liabilities"); and (iii) any other claim of a Subordinated Creditor or another Debtor over the relevant assets; and (b) if the asset being disposed of consists of shares in the capital of a holding company of a Debtor, to release: (i) the Transaction Security over the assets of that holding company and any subsidiary of that holding company; (ii) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities in respect of the Debt Documents (other than borrowing liabilities owed by the Issuer to the Primary Creditors), its liabilities as guarantor in respect of the Debt Documents and any Other Liabilities; and (iii) any other claim of a Subordinated Creditor or another Debtor over the relevant assets.

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement also provides that the Security Agent is authorized if the asset being disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor and the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) decides to dispose of all or any part of the liabilities of that Debtor or holding company or any subsidiary of that Debtor or holding company under the Debt Documents (other than borrowing liabilities owed by the Issuer to a Primary Creditor) or any liabilities owed by such Debtor, holding company or subsidiary to another Debtor ("Debtor Liabilities"):

(i) if the Security Agent does not intend that the relevant transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all (but not part) of such liabilities owed to a Primary Creditor or all (but not part) of such Debtor Liabilities; or

(ii) if the Security Agent does intend that the relevant transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all (but not part) of such liabilities owed to a Primary Creditor and all or any part of such Debtor Liabilities and any other liabilities under the Debt Documents, on behalf of the relevant creditors and Debtors.

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement also provides that the Security Agent is authorized, if the asset being disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor (the "Disposed Entity") and the Security Agent decides to transfer to another Debtor all or any part of that Disposed Entity's obligations (or any obligations of any subsidiary of that Disposed Entity) in respect of Intra Group Liabilities or Debtor Liabilities, to enter into any agreement to agree the transfer and acceptance of all or part of the obligations in respect of those Intra Group Liabilities or Debtor Liabilities on behalf of the Debtors that owe such liabilities and the Debtors to which such liabilities are to be transferred.

In the case of a Distressed Disposal, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (although the Security Agent shall not have an obligation to postpone any Distressed Disposal or any disposal of Liabilities in order to achieve a higher price).

If on or after the first date on which Senior Unsecured Notes are issued but before the Senior Unsecured Notes Discharge Date, a Distressed Disposal is being effected such that the Senior Unsecured Notes Guarantees will be released, it is a further condition to the release that either:

A. the Senior Unsecured Notes Trustee has approved the release on the instructions of the Senior Unsecured Notes Required Holders; or

B. where shares or assets of a Senior Unsecured Notes Guarantor are sold:

(i) the proceeds of such sale or disposal are in cash (or substantially in cash);

(ii) all present and future obligations owed to the Secured Parties under the Credit Facility Documents, Hedging Agreements, the Existing Notes Documents and the Pari Passu Debt

Documents by a member of the Group, all or part of whose shares are pledged or charged in favor of the Secured Parties are sold or disposed of pursuant to such enforcement action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the Transaction Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge):

C. the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) determine acting reasonably and in good faith that the finance parties under the Revolving Credit Facility, the Existing Note Creditors and the Pari Passu Creditors (respectively) will recover more than if such claim was released or discharged; and

D. the Credit Facility Agent, Existing Notes Trustee and Pari Passu Debt Representative(s) serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and

(i) such sale or disposal (including any sale or disposal of any claim) is made:

(ii) pursuant to a Public Auction; or

(iii) where a Financial Advisor confirms that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances, although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities owed to a Primary Creditor or disposal of Debtor Liabilities) shall be paid to the Security Agent for application in accordance with the payment waterfall described in "*—Application of proceeds from Enforcement of Transaction Security*," as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities owed to a Primary Creditor or disposal of Debtor Liabilities has occurred, as if that disposal of liabilities or Debtor Liabilities had not occurred.

*In this section:*

"Distressed Disposal" means a disposal of an asset subject to the Transaction Security of a member of the Group which is (a) being effected at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable; (b) being effected by enforcement of the Transaction Security; or (c) being effected, after the occurrence of an Secured Debt Acceleration Event or the enforcement of any Transaction Security, to a person or persons which is, or are, not a member, or members, of the Group;

"Existing Notes Creditors" means the Existing Noteholders and the Existing Notes Trustee;

"Existing Notes Required Holders" means in respect of any direction, approval, consent or waiver, the relevant Existing Noteholders of the principal amount of Existing Senior Secured Floating Rate Notes required to vote in favor of such direction, approval, consent or waiver under the terms of the Existing Senior Secured Floating Rate Notes Indenture or, if the required amount is not specified, the holders holding at least the majority of the aggregate principal amount of the then outstanding Existing Notes, in accordance with the Existing Notes Indenture. For the avoidance of doubt, in determining whether the Existing Noteholders of the required principal amount of Existing Senior Secured Floating Rate Notes have concurred in any direction, approval, consent or waiver, Existing Notes owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor other than an Independent Debt Fund, will be considered as though not outstanding;

"Majority Super Senior Creditors" means those Super Senior Creditors whose super senior credit participations at that time aggregate more than $66^2/_3\%$ of the total super senior credit participations at that time;

"Notes/Pari Passu Required Holders" means the holders of the aggregate principal amount of the Existing Notes, creditors in respect of indebtedness ranking *pari passu* with the Existing Senior Secured Floating Rate Notes and creditors in respect of certain non-priority hedging obligations (the "Senior Secured Credit Participations") that aggregate more than 50% of the total Senior Secured Credit Participations at that time;

"Pari Passu Debt Required Holders" means in respect of any direction, approval, consent or waiver to be granted by a tranche of the Pari Passu Debt, the Pari Passu Creditors of the principal amount of the relevant tranche of Pari Passu Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant Pari Passu Debt Documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding relevant tranche of Pari Passu Debt, in accordance with the relevant Pari Passu Debt Documents. For the avoidance of doubt, in determining whether the Pari Passu Creditors of the required principal amount of relevant tranche of Pari Passu Debt have concurred in any direction, waiver or consent, relevant Pari Passu Debt owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor (other than an independent fund established for the purpose of making, purchasing or investing in loans or debt securities and which has not been set up solely to make purchases of any of the commitments or amounts outstanding under the Debt Documents, and which is managed or controlled independently from the funds managed or controlled by the Sponsor or its affiliates which have an ownership interest in the Group (an "Independent Debt Fund")), will be considered as though not outstanding;

"Relevant Enforcement Action" means either (a) the determination by the Instructing Group of the method of enforcement of Transaction Security or (b) the appointment of a Financial Advisor by the Instructing Group to assist in such determination;

"Senior Unsecured Notes Guarantees" means each senior subordinated guarantee by a Senior Unsecured Notes Guarantor of the obligations of the Senior Unsecured Notes Issuer under the Senior Unsecured Notes Documents which shall be made expressly subject to the provisions of the Intercreditor Agreement in a legally binding manner; and

"Senior Unsecured Notes Required Holders" means, in respect of any direction, approval, consent or waiver, the Senior Unsecured Notes Trustee acting on behalf of the holders of the principal amount of the then outstanding Senior Unsecured Notes required under the terms of the relevant Senior Unsecured Notes Indenture to vote in favor of such direction, approval, consent or waiver, or, if the required amount is not specified, the holders holding at least a majority of the principal amount of the then outstanding Senior Unsecured Notes, in accordance with the relevant Senior Unsecured Notes Indenture. For the avoidance of doubt, in determining whether the Senior Unsecured Noteholders of the required principal amount of the relevant tranche of Senior Unsecured Notes have concurred in any direction, waiver or consent, Senior Unsecured Notes owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor other than an Independent Debt Fund, will be considered as though not outstanding except that for the purpose of determining whether the Senior Unsecured Notes Trustee will be protected in relying on any such direction, approval, waiver or consent, only Senior Unsecured Notes that the Senior Unsecured Notes Trustee knows are so owned will be disregarded.

***Amendment***

In addition to customary minor, technical or administrative matter amendments by the Security Agent, the Intercreditor Agreement provides that it may be amended with only the consent of the Majority Super Senior Creditors, the Existing Notes Required Holders, the Pari Passu Debt Required Holders, the Senior Unsecured Notes Required Holders, the Issuer and the Security Agent, unless it is an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the order of priority or subordination set forth in the Intercreditor Agreement; (b) any amendment to the payment waterfall, turnover provisions or enforcement provisions set forth in the Intercreditor Agreement; (c) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent; or (d) the amendment of provisions in the Intercreditor Agreement, which shall not be made without consent of:

(i) the Credit Facility Lenders;

(ii) the Existing Notes Trustee (acting in accordance with the terms of each of the Existing Senior Secured Notes Indentures);

(iii) the Senior Unsecured Notes Trustee (acting in accordance with the terms of the relevant Senior Unsecured Notes Indenture), insofar as the amendment or waiver might adversely affect the rights, ranking, immunities or protections of the Senior Unsecured Notes Trustee or the Senior Unsecured Noteholders;

(iv) in the case of any Pari Passu Debt constituting an issuance of debt securities, the relevant Pari Passu Debt Representative (acting in accordance with the terms of the relevant Pari Passu Debt Documents);

(v) in the case of any Pari Passu Debt constituting a credit facility, the Pari Passu Creditors in that tranche of Pari Passu Debt;

(vi) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty);

(vii) the Issuer; and

(viii) the Security Agent.

If, however, an amendment, waiver or consent affects only one class of Secured Party and could not reasonably be expected to materially and adversely affect the interests of the other classes of Secured Party, only agreement from the requisite affected class is required.

Subject to the paragraphs above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent of the affected party.

***Option to purchase: Notes Creditors and Pari Passu Creditors***

After a Distress Event, by giving not less than ten days' prior written notice to the Revolving Credit Facility Agent and, if applicable, the Hedge Counterparties, the Existing Notes Trustee and the Pari Passu Creditor Representative, at the direction and expense of and having obtained all necessary approvals from the Existing Noteholders and Pari Passu Creditor Representative(s) (as applicable) (the "Purchasing Senior Secured Creditors"), will have the right to acquire or procure that a nominee acquires by way of transfer all (but not part only) of the rights and obligations of the Credit Facility Lenders and the Super Senior Hedge Counterparties in respect of Super Senior Liabilities and the Super Senior Hedging Liabilities (the "Super Senior Acquisition Debt"). If more than one Purchasing Senior Secured Creditor wishes to exercise the option to purchase the Super Senior Acquisition Debt, each such Purchasing Senior Secured Creditor shall acquire the Super Senior Acquisition Debt pro rata, in the proportion that its principal amount outstanding under the Existing Senior Secured Floating Rate Notes and its principal amount outstanding under the Pari Passu Debt Documents ("Senior Secured Credit Participations") bears to the aggregate Senior Secured Credit Participations of all the Purchasing Senior Secured Creditors.

Any such purchase will be on terms which will include, without limitation, payment in full in cash of an amount equal to the Credit Facility Lender Liabilities then outstanding and relevant hedging purchase amount (as determined in accordance with the Intercreditor Agreement), including in respect of any broken funding costs, as well as certain costs and expenses (including legal fees) of the Super Senior Creditors and Super Senior Hedge Counterparties; after the transfer, no Super Senior Creditor or Super Senior Hedge Counterparty will be under any actual or contingent liability to any Debtor or any other person under the Intercreditor Agreement, any Credit Facility Document or any Hedging Agreement (in relation to Super Senior Hedging Liabilities only) for which it is not holding cash collateral in an amount and on terms satisfactory to it; the purchasing holders of Existing Senior Secured Floating Rate Notes and Pari Passu Creditors (other than the Existing Notes Trustee and the Pari Passu Debt Representative(s)) indemnify each Super Senior Creditor and Super Senior Hedge Counterparty for any actual or alleged obligation to repay or claw back any amount received by such Super Senior Creditor or Super Senior Hedge Counterparty; and the relevant transfer shall be without recourse to, or warranty from, any Super Senior Creditor, save that each Credit Facility Lender and Super Senior Hedge Counterparty will be deemed to have given the following representations and warranties on the date of the transfer:

(a) in the case of a Credit Facility Lender, it is the sole owner, free from all Security and third-party interests (other than any arising under the relevant finance documents or by operation of law), of all rights and interests under the Revolving Credit Facility finance documents or the Credit Facility Documents purporting to be transferred by it by that transfer;

(b) in the case of a Super Senior Hedge Counterparty, it is the sole owner, free from all Security and third-party interests (other than any arising under the relevant Hedging Agreements or by operation of law) of all rights and interests under the relevant Hedging Agreements purporting to be transferred by it by that transfer;

(c) it has the power to enter into and make, and has taken all necessary action to authorize its entry into and making of, that transfer;

(d) the Credit Facility Lenders and Super Senior Hedge Counterparties are satisfied with the results of any "know your client" or other similar checks relating to the identity of any person that they are required by law to carry out in relation to such a transfer; and

(e) the Senior Unsecured Noteholders have not exercised the purchase rights described in "*—Option to purchase: Senior Unsecured Noteholders*" below or, having exercised such rights, have failed to complete the acquisition of the Credit Facility Lender Liabilities, the Hedging Liabilities under the Hedging Agreements, the Existing Notes Liabilities and the Pari Passu Liabilities.

***Option to purchase: Senior Unsecured Noteholders***

The Senior Unsecured Noteholders (the "Purchasing Senior Unsecured Notes Creditors") may, after a Distress Event, by giving not less than ten days' notice to the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) (together, the "Relevant Representatives"), require the transfer to them (or to a nominee or nominees) of all (but not part only) of the rights, benefits and obligations in respect of the Super Senior Liabilities and the Senior Secured Liabilities (the "Senior Secured Acquisition Debt"). If more than one Purchasing Senior Unsecured Notes Creditor wishes to exercise the option to purchase the Senior Secured Acquisition Debt, each such Purchasing Senior Unsecured Notes Creditor shall acquire the Senior Secured Acquisition Debt pro rata, in the proportion that its principal amount outstanding under the Senior Unsecured Notes Documents ("Senior Unsecured Credit Participations") bears to the aggregate Senior Unsecured Credit Participations of all the Purchasing Senior Unsecured Notes Creditors.

Any such purchase will be on terms that will include, without limitation, payment in full in cash of an amount equal to the Secured Liabilities then outstanding, including in respect of any broken funding costs, as well as certain costs and expenses (including legal fees) of the creditors in respect of the relevant Secured Liabilities; after the transfer, no Credit Facility Lender, Hedge Counterparty, Existing Notes Creditor or Pari Passu Creditor will be under any actual or contingent liability to any Debtor or any other person under the Intercreditor Agreement, any Credit Facility Document, any Hedging Agreement, any Existing Notes Document or any Pari Passu Debt Document for which it is not holding cash collateral in an amount and on terms satisfactory to it; the Purchasing Senior Unsecured Notes Creditors, other than the Senior Unsecured Notes Trustee (or if required by the Credit Facility Lenders, Hedge Counterparties, Noteholders or Pari Passu Creditors, a third party acceptable to the Credit Facility Lenders, Hedge Counterparties, Notes Creditors or Pari Passu Creditors), shall provide on the date of the transfer an indemnity to each Credit Facility Lender and each other finance party under such Credit Facility Document, Hedge Counterparty, Notes Creditor or Pari Passu Creditor (each, an "Indemnified Party") for any actual or alleged obligation to repay or claw back any amount received by such Indemnified Party; and the relevant transfer shall be without recourse to, or warranty from, any Primary Creditor, save that each such Primary Creditor will be deemed to have given the following representations and warranties on the date of the transfer:

(a) in the case of a Credit Facility Lender, it is the sole owner, free from all Security and third-party interests (other than any arising under the Credit Facility Documents or by operation of law), of all rights and interests under the Credit Facility Documents purporting to be transferred by it by that transfer;

(b) in the case of a Hedge Counterparty, it is the sole owner, free from all Security and third-party interests (other than any arising under the Hedging Agreements or by operation of law) of all rights and interests under the Hedging Agreements purporting to be transferred by it by that transfer;

(c) in the case of an Existing Notes Creditor, it is the sole owner, free from all Security and third- party interests (other than any arising under the Existing Notes Documents or by operation of law), of all rights and interests under the Existing Notes Documents purporting to be transferred by it by that transfer;

(d) in the case of a Pari Passu Creditor, it is the sole owner, free from all Security and third-party interests (other than any arising under the relevant Pari Passu Debt Documents or by operation of law), of all rights and interests under the relevant Pari Passu Debt Documents purporting to be transferred by it by that transfer;

(e) it has the power to enter into and make, and has taken all necessary action to authorize its entry into and making of, that transfer; and

    (i) the transferring Primary Creditors and Hedge Counterparties are satisfied with the results of any "know your client" or other similar checks relating to the identity of any person that they or any Representative are required by law to carry out in relation to such a transfer.

*Governing law*

The Intercreditor Agreement is governed by and construed in accordance with English law.

**Existing Senior Secured Floating Rate Notes**

On November 14, 2016, €260.0 million of Existing 2016 Senior Secured Floating Rate Notes under the Existing 2016 Senior Secured Notes Indenture. On April 21, 2017, and July 11, 2018, the Issuer issued €80.0 million and €175.0 million, respectively, of additional Existing 2016 Senior Secured Floating Rate Notes. On February 7, 2019, the Issuer issued €175.0 million of its Existing 2019 Senior Secured Floating Rate Notes under the Existing 2019 Senior Secured Notes Indenture and on or about the same date redeemed €72.0 million of Existing 2016 Senior Secured Floating Rate Notes. Following completion of the Refinancing, €443.0 million of Existing 2016 Senior Secured Floating Rate Notes and €138.0 million of Existing 2019 Senior Secured Floating Rate Notes will remain outstanding.

The interest on the Existing Senior Secured Floating Rate Notes is payable quarterly in arrears on each February 1, May 1, August 1 and November 1. The Existing Senior Secured Floating Rate Notes mature on May 1, 2022.

The Issuer may redeem all or part of the Existing Senior Secured Floating Rate Notes at any time at par plus accrued and unpaid interest to the redemption date.

The Existing Senior Secured Floating Rate Notes benefit from substantially the same guarantees and collateral as the Notes on an equal and ratable basis and subject to the same conditions. These guarantees and enforcement of the collateral securing the Existing Senior Secured Floating Rate Notes are subject to limitations under applicable laws and may be released under certain circumstances. The Existing Senior Secured Floating Rate Notes also have similar covenants and events of defaults as the Notes.

None of the November 14, 2016, April 21, 2017, July 11, 2018 and February 7, 2019 issuances of Existing Senior Secured Floating Rate Notes were registered under the Securities Act or any U.S. state securities laws. The Existing Senior Secured Floating Rate Notes are listed on the Official List of the Exchange.

**Other financing arrangements**

*Factoring arrangements*

ACR Group S.A.S. entered into a recourse factoring agreement dated September 29, 2010, as amended from time to time, pursuant to which it can assign trade receivables to Compagnie Générale d'Affacturage for the face value of such receivables, up to a maximum aggregate amount of €15 million. The agreement has no termination date and may be terminated at any time by any party with a three-month notice period.

As of March 31, 2020, the amounts drawn pursuant to these factoring arrangements represent €0 million.

***Doyen Auto financing arrangements***

***Factoring arrangements***

Doyen Auto Nederland BV and Doyen Auto Belgium entered into a recourse factoring agreement dated June 13, 2012 and October 6, 2015, respectively, pursuant to which they can assign trade receivables to KBC Commercial Finance for the face value of such receivables, up to a maximum aggregate amount of €89.0 million. These agreements have no termination date and may be terminated at any time by any party with a three-month notice period.

Doyen Auto France entered into a recourse factoring agreement dated August 8, 2010, as amended on July 7, 2015, pursuant to which it can assign trade receivables to BNP Paribas Factor S.A. for the face value of such receivables, up to a maximum aggregate amount of €90.0 million. This agreement has no termination date and may be terminated at any time by any party with a three-month notice period.

As of March 31, 2020, the amounts drawn pursuant to these factoring arrangements represent €12.4 million.

*Bilateral lending facilities*

Doyen Auto Belgium S.A. and Doyen Auto S.A. have entered into bilateral facilities (for an aggregate amount of €12.0 million outstanding as of March 31, 2020) with BNP Paribas Fortis S.A., KBC Bank S.A. and ING Belgique S.A., including revolving credit facilities for an aggregate principal amount of €12.0 million. As of March 31, 2020, the amount outstanding under these revolving credit facilities represents €12.0 million.

Doyen Auto France S.A.S. has entered into an overall overdraft facility of €2.0 million with BNP Paribas.

*Finance leases*

Doyen Auto entered into finance leases with KBC Lease Belgium S.A. and ING Equipment Lease Belgium S.A. between 2012 and 2017. These finance leases accounted for an aggregate amount of €14.0 million as of March 31, 2020.

***Autodis Italia Holding S.r.l.***

Our Italian subsidiaries enter into various credit facilities from time to time (including by way of factoring or assignment of receivables or future receivables) to finance its operations, including long and short-term loans as well as current account credit facilities (for an aggregate amount of €39.5 million as of December 31, 2019). As of March 31, 2020, €38.6 million had been drawn under these facilities.

***Geevers***

Geevers Autoparts B.V. entered into a current account credit facility agreement with DFM N.V. on January 20, 2015, up to a maximum aggregate amount of €14.0 million. Geevers enters into various local credit facilities with banks and third parties to finance their operations, including long and short-term loans. As of March 31, 2020, Geevers third party borrowings amounted to €9.2 million.

***G-Group***

G-Group enters into various local credit facilities with banks and third parties to finance its operations, including long and short-term loans and current account credit facilities. As of March 31, 2020, G-Group's third party borrowings amounted to €14.5 million.

## Description of the Senior Secured Notes

You will find definitions of certain capitalized terms used in this "*Description of the Senior Secured Notes*" under the heading "*—Certain definitions*." For purposes of this "*Description of the Senior Secured Notes*," references to the "*Issuer*" refer only to Parts Europe S.A. and not to any of its Subsidiaries, references to "*we*," "*our*," and "*us*" refer to the Issuer and its Restricted Subsidiaries, references to the "*Parent Guarantor*" refer only to Parts Holding Europe S.A.S. and not to any of its Subsidiaries, references to "*Luxco 6*" refer only to Dakar Acquisition S.A. and not to any of its Subsidiaries, references to "*Luxco 5*" refer only to Dakar (BC) LuxCo S.à r.l. and not to any of its Subsidiaries, and references to the "*Sponsor SPVs*" refer only to Luxco 6 and Luxco 5.

The Issuer will issue €300.0 million aggregate principal amount of % Senior Secured Notes due 2025 (the "*Senior Secured Notes*") under an indenture to be dated as of , 2020 (the "*Indenture*"), between, *inter alios*, the Issuer, the Parent Guarantor, the Sponsor SPVs, U.S. Bank Trustees Limited, as trustee (in such capacity the "*Trustee*"), and U.S. Bank Trustees Limited, as security agent (in such capacity, the "*Security Agent*"), in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not incorporate or include terms of, or be subject to any of the provisions of, the U.S. Trust Indenture Act of 1939, as amended. Unless the context otherwise requires, the term "*Senior Secured Notes*" also refers to "book entry interests" in the Senior Secured Notes, as defined herein. The Senior Secured Notes will be secured by the Collateral as described under "*—Security*."

The Issuer intends to use the proceeds from the Offering to (i) fund the Existing Senior Secured Fixed Rate Notes Redemption, (ii) fund the Existing 2019 Senior Secured Floating Rate Notes Redemption and (iii) pay the fees and expenses Incurred in connection with the Refinancing.

The Indenture and the Senior Secured Notes will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below) and in the case of certain conflicts between the terms of the Indenture and the Intercreditor Agreement, the terms of the Intercreditor Agreement will prevail. The terms of the Intercreditor Agreement are important to understanding the relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, procedures for undertaking enforcement action, subordination of certain indebtedness, turnover obligations, release of security and guarantees and the payment waterfall for amounts received by the Security Agent. See "*Description of certain financing arrangements—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

This "*Description of the Senior Secured Notes*" is intended to be an overview of the material provisions of the Senior Secured Notes, the Indenture and the Security Documents. Since this description of the terms of the Senior Secured Notes is only a summary, you should refer to the Senior Secured Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and your rights. Copies of such documents are available as described under "*Where You Can Find More Information*."

The registered Holder of a Senior Secured Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Senior Secured Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

### General

#### *The Senior Secured Notes*

The Senior Secured Notes will, upon issuance:

- be general senior obligations of the Issuer, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing or future obligation of the Issuer that is not subordinated in right of payment to the Senior Secured Notes, including the obligations of the Issuer under the Revolving Credit Facility, the PGE Loan, the Existing Senior Secured Floating Rate Notes and certain future Hedging Obligations (if any);
- rank senior in right of payment to any existing or future obligation of the Issuer that is expressly subordinated in right of payment to the Senior Secured Notes;
- be effectively subordinated to any existing or future obligation of the Issuer and its Subsidiaries, including the obligations of the Issuer under the Revolving Credit Facility, the PGE Loan and certain future Hedging Obligations (if any), secured by property and assets that do not secure the Senior Secured Notes, to the extent of the value of such property and assets;

- be Guaranteed on a senior secured basis by the Guarantors;
- be structurally subordinated to any existing or future obligation of the Issuer's Subsidiaries that are not Guarantors, including obligations to trade creditors and, to the extent drawings are borrowed by such Subsidiaries, obligations under the Revolving Credit Facility;
- mature on , 2025; and
- be represented by one or more registered Senior Secured Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes (see "*Book-entry, delivery and form*").

Under the terms of the Intercreditor Agreement, the Holders of the Senior Secured Notes will receive proceeds from the enforcement of the Collateral on a *pari passu* basis with all indebtedness that is not subordinated in right of payment to the Senior Secured Notes. The Intercreditor Agreement, however, provides that the Holders of the Senior Secured Notes will receive proceeds from the enforcement of the Collateral only after certain super senior priority obligations have been repaid in full, including (i) obligations under the Revolving Credit Facility and the PGE Loan, (ii) other Indebtedness Incurred pursuant to the terms of the Indenture that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral and (iii) certain future Hedging Obligations (if any).

***The Notes Guarantees***

On the Issue Date, the obligations of the Issuer pursuant to the Senior Secured Notes will be Guaranteed, jointly and severally, by the Parent Guarantor and Autodistribution (each, a "*Guarantor*" and each such Guarantee, a "*Notes Guarantee*"). In addition, if required by the covenant described under "*—Certain covenants—Additional Guarantees*," certain other Restricted Subsidiaries may provide a Notes Guarantee in the future.

The Notes Guarantee of each of the Guarantors will:

- be a general senior obligation of that Guarantor, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to such Notes Guarantee (including such Guarantor's obligations under the Revolving Credit Facility, the PGE Loan, the Existing Senior Secured Floating Rate Notes and certain future Hedging Obligations, if any);
- rank senior in right of payment to any existing and future Indebtedness of that Guarantor that is expressly subordinated in right of payment to such Notes Guarantee;
- be effectively subordinated to any existing or future Indebtedness or obligation of such Guarantor, including obligations under the Revolving Credit Facility, the PGE Loan and future Hedging Obligations (if any) that is secured by property and assets that do not secure such Notes Guarantee, to the extent of the value of such property and assets; and
- be structurally subordinated to any existing or future Indebtedness, including obligations to trade creditors, of the Subsidiaries of such Guarantor that are not Guarantors.

The obligations of a Guarantor under its Notes Guarantee will be limited as necessary to prevent the relevant Notes Guarantee from constituting a fraudulent conveyance or unlawful financial assistance under applicable law, or otherwise to reflect limitations under applicable law. By virtue of these limitations, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Senior Secured Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. In particular, under French corporate benefit rules, the Notes Guarantee of Autodistribution is expected to be limited in value to an amount not greater than the outstanding amount under existing proceeds loans, which is approximately €330 million and corresponds to the aggregate of the existing proceeds loans made available to on-lend the proceeds of prior issuances of Existing Senior Secured Floating Rate Notes to Autodistribution. Other Indebtedness of the Guarantors may not be similarly limited. See "*Risk factors—Risks related to our indebtedness and the Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantors or the Luxembourg Security Providers may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral*" and "*Risk factors—Risks related to our indebtedness and the Notes—The insolvency and administrative laws of France and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce* *your rights under the Notes, the Guarantees or the security interests in the Collateral*." The validity and enforceability of the Notes Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

As of the Issue Date, all of our Subsidiaries will be "*Restricted Subsidiaries*" for the purposes of the Indenture. However, under the circumstances described below under "*—Certain definitions—Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "*Unrestricted Subsidiaries*." Any Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not Guarantee the Senior Secured Notes.

**Principal and maturity**

On the Issue Date, the Issuer will issue €300.0 million aggregate principal amount of Senior Secured Notes. The Senior Secured Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

**Interest**

The rights of Holders to receive the payments of interest on such Senior Secured Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Senior Secured Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay. The Issuer will make each interest payment for so long as the Senior Secured Notes are Global Notes to the Holders of record of the Senior Secured Notes at the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment, where "*Clearing System Business Day*" means a day on which each clearing system for which the Global Note is being held is open for business, or to the extent Definitive Registered Notes (as defined below) have been issued, to the Holders of record of the Senior Secured Notes on the Business Day immediately preceding each interest payment date.

Interest on the Senior Secured Notes will accrue at the rate of      % per annum. Interest on the Senior Secured Notes will be payable semi-annually in arrears on            and            of each year, commencing on            , 2021.

Interest on the Senior Secured Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

**Additional Senior Secured Notes**

The Indenture will be unlimited in aggregate principal amount, and we may issue an unlimited principal amount of additional Senior Secured Notes (the "*Additional Senior Secured Notes*") under the Indenture from time to time after this Offering. We will only be permitted to issue Additional Senior Secured Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens (as described below under "*—Certain covenants—Limitation on Indebtedness*" and "*—Certain covenants—Limitation on Liens*"). Any series of Additional Senior Secured Notes shall have terms substantially identical to the initial Senior Secured Notes offered hereby, except in respect of any of the following terms which shall be set forth in an Officer's Certificate (as defined below) supplied to the Trustee:

(1) the title of such Additional Senior Secured Notes;

(2) the aggregate principal amount of such Additional Senior Secured Notes;

(3) the date or dates on which such Additional Senior Secured Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Senior Secured Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Senior Secured Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Senior Secured Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Senior Secured Notes may be redeemed, in whole or in part;

(7) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Senior Secured Notes shall be issued and redeemed; and

(8) the ISIN, Common Code or other securities identification numbers with respect to such Additional Senior Secured Notes.

Additional Senior Secured Notes, even if they are treated for non-tax purposes as part of the same series as the initial Senior Secured Notes offered hereby, in some cases may not be fungible with the initial Senior Secured Notes offered hereby for U.S. federal income tax purposes and, as provided in the Indenture, will be allocated a separate ISIN and common code, as applicable. Unless the context otherwise requires, in this "*Description of the Senior Secured Notes,*" references to the "*Senior Secured Notes*" include the Senior Secured Notes offered hereby and any Additional Senior Secured Notes that are actually issued under the Indenture.

**Methods of receiving payments on the Senior Secured Notes**

Principal, interest and premium, and Additional Amounts, if any, on the Global Notes (as defined below) will be made by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the registered Holder thereof (being the common depositary for Euroclear and Clearstream, or its nominee).

Principal, interest and premium, and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid, at the option of the Issuer, by check mailed to the address of the Holder entitled thereto as shown on the register of Holders of Senior Secured Notes for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Senior Secured Notes*" below.

**Paying Agent and Registrar for the Senior Secured Notes**

The Issuer will maintain one or more Paying Agents (the "*Paying Agent*") for the Senior Secured Notes for so long as the Senior Secured Notes are held in registered form. The initial Paying Agent will be Elavon Financial Services DAC.

The Issuer will also maintain a registrar (the "*Registrar*") and a transfer agent (the "*Transfer Agent*"). The initial Registrar will be Elavon Financial Services DAC and the initial Transfer Agent will be Elavon Financial Services DAC. The Registrar and Transfer Agent will maintain a register reflecting ownership of the Senior Secured Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Senior Secured Notes on behalf of the Issuer.

The Issuer may change any Paying Agents, Registrars or Transfer Agents for the Senior Secured Notes without prior notice to the Holders of such Senior Secured Notes. For so long as Senior Secured Notes are listed on the Official List of the Exchange, and if and to the extent that the rules of the Exchange so require, the Issuer will notify the Exchange of any change of Paying Agent, Registrar or Transfer Agent. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Senior Secured Notes.

**Notes Guarantees**

***General***

The obligations of the Issuer pursuant to the Senior Secured Notes, including any payment obligation resulting from a Change of Control, will be Guaranteed, jointly and severally, on the Issue Date by the Guarantors, subject to the Intercreditor Agreement and the Agreed Security Principles. The Guarantors also guarantee our obligations under the Revolving Credit Facility, the PGE Loan and the Existing Senior Secured Floating Rate Notes subject to certain guarantee limitations as set out therein.

In addition, as described below under "*—Certain covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, certain Subsidiaries of the Issuer that Guarantee the

Revolving Credit Facility in the future or certain other Indebtedness permitted under the Indenture may also be required under the Indenture to enter into a supplemental indenture as a Guarantor of the Senior Secured Notes and accede to the Intercreditor Agreement.

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions or to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Senior Secured Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. In particular, under French corporate benefit rules, each of the guarantees by the French Guarantors which are subsidiaries of the Issuer and the amounts recoverable thereunder will be limited, at any time, to an amount equal to the aggregate of the proceeds of the Senior Secured Notes to the extent directly or indirectly on-lent by the Issuer, or used to refinance any indebtedness previously directly or indirectly on-lent, to that French Guarantor or any of its subsidiaries under intercompany loans or similar arrangements and outstanding on the date a payment is requested to be made by such French Guarantor under its Guarantees. As a consequence, in particular, the Guarantee of Autodistribution is expected to be limited in value to an amount not greater than the aggregate amount outstanding under the existing proceeds loan of €330 million made available to on-lend the proceeds of prior issuances of Existing Senior Secured Floating Rate Notes to Autodistribution. See "*Risk factors—Risks related to our indebtedness and the Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantors or the Luxembourg Security Providers may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral*" and "*Risk factors—Risks related to our indebtedness and the Notes—The insolvency and administrative laws of France and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral*." In addition, he validity and enforceability of the Notes Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

The operations of the Issuer are conducted through its Subsidiaries, and therefore the Issuer depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Senior Secured Notes. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those Restricted Subsidiaries, and claims of preferred stockholders (if any) of those Restricted Subsidiaries and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any) generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Senior Secured Notes. The Senior Secured Notes and each Notes Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Restricted Subsidiaries of the Issuer (other than any Guarantors) and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any). As at and for the twelve months ended March 31, 2020, the revenue, EBITDA and total assets (excluding equity investments in wholly-owned subsidiaries and intercompany receivables and loans) of the non-Guarantor Restricted Subsidiaries represented 93.2%, 74.7% and 69.7% of the consolidated revenue, consolidated EBITDA and consolidated total assets of the Parent Guarantor, respectively, and, after giving pro forma effect to the Refinancing, the non-Guarantor Restricted Subsidiaries would have had approximately €245 million of Indebtedness, of which approximately €156 million would have been incurred in connection with lease liabilities. Although the Indenture will limit the Incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain covenants—Limitation on Indebtedness*."

***Notes Guarantees release***

The Notes Guarantee of a Guarantor (other than the Parent Guarantor) will terminate and release:

- upon a sale, exchange, transfer or other disposition (including by way of consolidation or merger, amalgamation, consolidation, dividend distribution or otherwise) of any Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company as a result of which such Guarantor would no longer be a Restricted Subsidiary), or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary), if the sale or other disposition does not violate the Indenture;

- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary or the occurrence of any event after which the Guarantor is no longer a Restricted Subsidiary;
- upon payment in full of principal, interest and all other obligations in respect of the Senior Secured Notes issued under the Indenture or legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes in accordance with the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and discharge*";
- in accordance with an enforcement action pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under "*—Amendments and waivers*";
- as described in the second paragraph of the covenant described below under "*—Certain covenants—Additional Guarantees*";
- with respect to a Guarantor that is not the continuing or surviving Person in the relevant consolidation or merger, as a result of a transaction permitted by "*—Certain covenants—Merger and consolidation—The Subsidiary Guarantor*"; or
- in connection with a Permitted Reorganization; *provided* that, subject to the exceptions and limitations described in the proviso under "*—Additional Guarantees*," such Guarantor fully and unconditionally provides a substantially equivalent Notes Guarantee as soon as reasonably practicable following such Permitted Reorganization.

The Notes Guarantee of the Parent Guarantor will terminate and be released upon the circumstances described in the third, fourth, fifth and eighth bullet point set forth above and under "*—Certain covenants—Merger and consolidation—The Parent Guarantor.*"

Upon any occurrence giving rise to the release of a Notes Guarantee, as specified above, the Trustee, subject to the receipt of certain documentation requested pursuant to the Indenture, shall take all reasonably necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without any additional consent of the Holders or any other action or consent on the part of the Trustee. The Issuer may in its sole discretion elect to have any Notes Guarantee remain in place, as opposed to being released.

**Transfer and exchange**

The Senior Secured Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- each series of Senior Secured Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- each series of Senior Secured Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*"). The Regulation S Global Note will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.
- Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "*144A Book-Entry Interests*") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "*Regulation S Book-Entry Interests*") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "*qualified institutional buyer*" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer restrictions*."

Subject to the restrictions on transfer referred to above, Senior Secured Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Senior Secured Note as the owner thereof for all purposes.

**Restricted Subsidiaries and Unrestricted Subsidiaries**

Immediately after the issuance of the Senior Secured Notes, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. However, in the circumstances described below under "*—Certain definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

**Security**

***General***

On the Issue Date, subject to the Intercreditor Agreement, the Agreed Security Principles and certain perfection requirements, the Senior Secured Notes will be secured by first-priority security interests over:

(1) all issued Capital Stock of Luxco 6;

(2) all issued Capital Stock of the Parent Guarantor;

(3) the Parent Guarantor's material bank account and the Parent Guarantor's material intragroup receivables;

(4) all issued Capital Stock of the Issuer (other than certain *de minimis* shareholdings);

(5) certain assets of the Issuer, including the Capital Stock of Autodistribution, Magenta Auto Pièces S.A. and SDFM S.A. held by the Issuer, the Issuer's material bank accounts and the Issuer's material intragroup receivables;

(6) the Capital Stock of Commerce Rechange Automobiles S.A.S., Cofirhad S.A.S. and AD Grand Ouest S.A.S. held by Autodistribution;

(7) Autodistribution's material bank accounts; and

(8) Autodistribution's material intragroup receivables (collectively, the "*Collateral*").

Notwithstanding anything else to the contrary therein, the Indenture will provide that any obligation to cause a Restricted Subsidiary to accede to the Indenture as a Guarantor or to pledge assets as Collateral will be limited pursuant to the Agreed Security Principles.

The assets that comprise the Collateral will also secure on a first-ranking basis the obligations of the Issuer and the Guarantors under the Revolving Credit Facility, the PGE Loan, the Existing Senior Secured Floating Rate Notes and certain future Hedging Obligations. Subject to certain conditions, including compliance with the covenants described under "*—Certain covenants—Impairment of Security Interest*" and "*—Certain covenants—Limitations on Liens*," the relevant security providers will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including Additional Senior Secured Notes, as permitted under the Indenture and the Intercreditor Agreement. Under the terms of the Intercreditor Agreement, the Holders of the Senior Secured Notes will receive proceeds from the enforcement of the Collateral only after certain super senior priority obligations have been repaid in full, including (i) obligations under the Revolving Credit Facility and the PGE Loan, (ii) other Indebtedness Incurred pursuant to the terms of the Indenture that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral and (iii) certain future Hedging Obligations.

The Collateral will be pledged pursuant to the Security Documents to the Security Agent as parallel debt creditor on behalf of the Holders of the Senior Secured Notes and holders of the other secured obligations that are secured by the Collateral. See "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests — France — Parallel debt — trust*." Any other security interests that may in the future be granted to secure obligations under the Senior Secured Notes, any Notes Guarantees and the Indenture would also constitute "*Collateral*." All Collateral will be subject to any Permitted Collateral Liens.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

Subject to the terms of the Security Documents and prior to enforcement of any such Collateral, the Issuer, the Guarantors and the Sponsor SPVs, as the case may be, will have the right to remain in possession and retain exclusive control of the Collateral securing the Senior Secured Notes and the Notes Guarantees, to freely operate the Collateral and to collect, invest and dispose of any income therefrom and, in respect of the shares that are part of the Collateral, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing).

As described above, all of the Collateral will also secure the liabilities under the Revolving Credit Facility, the PGE Loan, the Existing Senior Secured Floating Rate Notes as well as certain Hedging Obligations and any Additional Senior Secured Notes and may also secure certain future Indebtedness, certain of which is entitled to payment from the proceeds of an enforcement of the Collateral in priority to the Senior Secured Notes. The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of the Senior Secured Notes.

No appraisals of the Collateral have been made in connection with this offering of the Senior Secured Notes on the Issue Date. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk factors—Risks related to our indebtedness and the Notes—The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances*."

### *Priority*

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (the "*Security Interests*" and each, a "*Security Interest*") as between (a) the lenders under the Revolving Credit Facility and the PGE Loan, (b) the counterparties under certain future Hedging Obligations, (c) the Trustee and the Holders of the Senior Secured Notes under the Indenture, (d) the Trustee and the holders of the Existing Senior Secured Floating Rate Notes and (e) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, will be established by the terms of the Intercreditor Agreement, which provides, among other things, that the obligations under the Revolving Credit Facility, the PGE Loan, the Existing Senior Secured Floating Rate Notes, certain future Hedging Obligations and the Senior Secured Notes are secured equally and ratably by first-ranking Security Interests; *provided*, *however*, that the Holders of Senior Secured Notes will only receive proceeds from the enforcement of the Collateral after certain super senior priority obligations have been paid in full, including (i) obligations under the Revolving Credit Facility and the PGE Loan, (ii) other Indebtedness Incurred pursuant to the terms of the Indenture that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral and (iii) certain future Hedging Obligations. See "*Description of certain financing arrangements—Intercreditor Agreement*." In addition, pursuant to the Intercreditor Agreements or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness, including Indebtedness that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral. See "*—Release of Liens*," "*—Certain covenants—Impairment of Security Interest*" and "*—Certain definitions—Permitted Collateral Liens*."

### *Security Documents*

Under the Security Documents, the Sponsor SPVs, the Issuer and the Guarantors will grant security over the Collateral to secure the payment when due of the Issuer's and the Guarantors' payment obligations under the Senior Secured Notes, the Notes Guarantees and the Indenture. The Security Documents will be entered into by the relevant security provider and the Security Agent as agent for the secured parties. When entering into the Security Documents, the Security Agent will act in its own name, but for the benefit of the secured parties (including itself, the Trustee and the Holders of Senior Secured Notes from time to time). Under the Intercreditor Agreement, the Security Agent will also act as an agent of the lenders under the Revolving Credit Facility, the PGE Loan, the Existing Senior Secured Floating Rate Notes and, if applicable, the counterparties under certain Hedging Obligations in relation to the Security Interests created in favor of such parties.

In certain jurisdictions, including France, due to the laws and other jurisprudence governing the creation and perfection of security interests, the relevant Security Documents will secure "parallel debt" obligations created under the Intercreditor Agreement in favor of the Security Agent (and not the obligations under the Senior Secured Notes and the Notes Guarantees). The parallel debt construct has not been fully tested under law in certain of these jurisdictions. See "*Risk factors—Risks related to our indebtedness and the Notes—The security over the Collateral is not granted directly to the holders of the Notes*."

Each of the Sponsor SPVs, the Issuer and the Guarantors shall, and shall procure that each of their respective Subsidiaries shall, at their own expense, execute and do all such acts and things and provide such assurances as the Security Agent may require (i) for registering any Security Document relating to the Collateral in any required register and for perfecting or protecting the security intended to be afforded by such Security Document relating to the Collateral; and (ii) if such Security Document is enforced in accordance with the terms of the Indenture, the relevant Security Document and the Intercreditor Agreement, for facilitating the realization of all or any part of the assets which are subject to such Security Document and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of the Collateral. Each of the Sponsor SPVs, the Issuer and the Guarantors shall, and shall procure that each of their respective Subsidiaries, if any, shall, execute such transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give such notices, orders and directions which the Security Agent may request.

The Indenture will also provide that the Security Documents may be enforced only in accordance with the Intercreditor Agreement. The Indenture will provide and the Intercreditor Agreement provides that, to the extent permitted by the applicable laws, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee and the Holders of the Senior Secured Notes. As a consequence of such contractual provisions, Holders of the Senior Secured Notes will not be entitled to take enforcement action in respect of the Collateral securing the Senior Secured Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the Collateral. Each Holder, by accepting a Senior Secured Note, appoints the Security Agent as its agent under the Security Documents and authorizes it to act as such. Neither the Trustee nor the Holders may, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent. The Security Agent will agree to any release of the security interest created by the Security Documents that is in accordance with the Indenture without requiring any consent of the Holders.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Senior Secured Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Senior Secured Notes and the Indenture have been discharged. However, the Security Interests with respect to the Senior Secured Notes and the Indenture may be released under certain circumstances as provided under "*—Release of Liens*."

In the event that the Sponsor SPVs, the Parent Guarantor or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk factors—Risks related to our indebtedness and the Notes*."

***Enforcement of Security Interest***

The Intercreditor Agreement restricts, and the Indenture will restrict, the ability of the Holders and the Trustee, on behalf of the Holders, to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the lenders under the Revolving Credit Facility, the PGE Loan, certain hedging counterparties and certain future indebtedness permitted under the terms of the Indenture and the Intercreditor Agreement to rank senior to the Senior Secured Notes. These limitations are described under "*Description of certain financing arrangements—Intercreditor Agreement*" and "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*." The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

The creditors under the Revolving Credit Facility and the PGE Loan, the holders of the Existing Senior Secured Floating Rate Notes, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have and, by accepting a Senior Secured Note, each Holder will be deemed to have, appointed the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. The creditors under the Revolving Credit Facility and the PGE Loan, the holders of the Existing Senior Secured Floating Rate Notes, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have and, by accepting a Senior Secured Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

***Release of Liens***

The Collateral will be released from the Liens over such Collateral under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral (other than any Liens over the Capital Stock of the Parent Guarantor and the Parent Guarantor's material intragroup receivables owed to Luxco 6, if any) to (a) a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain covenants—Merger and consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*" or is otherwise permitted in accordance with the Indenture or (b) any Restricted Subsidiary; *provided* that this clause 1(b) shall not be relied upon in the case of a transfer of Capital Stock or of accounts receivable (including intercompany loan receivables and hedging receivables) to a Restricted Subsidiary (except to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Senior Secured Notes following such sale or disposal (and subject to the Agreed Security Principles);

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and waivers*" and "*—Certain Covenants—Impairment of Security Interest*";

(4) as described under the second paragraph of "*—Limitation on Liens*";

(5) upon payment in full of principal, interest and all other obligations on the Senior Secured Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes, as provided in "*—Defeasance*" and "*—Satisfaction and discharge*";

(6) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(7) in connection with a Permitted Reorganization;

(8) in a transaction that complies with the provisions described in "*—Certain Covenants—Merger and Consolidation*";

(9) (i) in respect of Collateral granted by a Sponsor SPV, upon a Change of Control (other than in the context of an enforcement of Collateral granted by a Sponsor SPV not involving a release in accordance with the next paragraph below) or (ii) in respect of Collateral granted by Luxco 5, upon the final release and discharge of the Liens granted over such Collateral in respect of the Existing Senior Secured Floating Rate Notes (the "*Luxco 5 Release*"); or

(10) as otherwise permitted in accordance with the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "*—Certain covenants—Impairment of Security Interest*."

The Security Agent and the Trustee (but only if required) will take all necessary action requested by the Issuer to effectuate any release of Collateral securing the Senior Secured Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, or the relevant Security Document, as applicable. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release). The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to a release of Liens has occurred, and that such release complies with the Indenture.

**Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound**

The Indenture will provide that each Holder of the Senior Secured Notes, by accepting such Senior Secured Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents and perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the Security Documents securing such Indebtedness, together with any other incidental rights, power and discretions;

(2) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents; and

(3) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents (including the execution of, and compliance with, any waiver, modification, amendment, renewal or replacement expressed to be executed by the Trustee or the Security Agent on its behalf).

See the sections entitled "*Risk factors—Risks related to our indebtedness and the Notes—The security over the Collateral is not granted directly to the holders of the Notes*" and "*Description of certain financing arrangements—Intercreditor Agreement*."

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under "*—Certain covenants—Additional intercreditor agreements*."

**Optional redemption**

Except as described below and except as described under "*Redemption for taxation reasons*," the Senior Secured Notes are not redeemable until January , 2022.

On and after January , 2022, the Issuer may redeem all or, from time to time, part of the Senior Secured Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable 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 twelve-month period beginning on of the years indicated below:

| Year | Redemption Price |
|---|---|
| 2022 | % |
| 2023 | % |
| 2024 and hereafter | % |

Prior to January , 2022, the Issuer may on any one or more occasions redeem up to 40% of the original principal amount of the Senior Secured Notes issued under the Indenture (including the original principal amount of any Additional Senior Secured Notes), upon not less than 10 nor more than 60 days' notice, with funds in an aggregate amount not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of % of the principal amount of the Senior Secured Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable 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); provided that:

(1) at least 50% of the original principal amount of the Senior Secured Notes (including the original principal amount of any Additional Senior Secured Notes) issued under the Indenture (excluding Senior Secured Notes held by the Issuer and its Subsidiaries) remain outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

Prior to January , 2022, the Issuer may on any one or more occasions redeem during each calendar year up to 10% of the original principal amount of the Senior Secured Notes (including the original principal amount of any Additional Senior Secured Notes), upon not less than 10 nor more than 60 days' notice, at a redemption price of 103.000% of the principal amount of the Senior Secured Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable 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).

In addition, prior to January , 2022, the Issuer may redeem all or, from time to time, part of the Senior Secured Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Senior Secured Notes, plus the Applicable Premium plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable 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).

***Calculation of the Applicable Premium***

"*Applicable Premium*" means the greater of:

(a) 1% of the principal amount of such Senior Secured Note; and

(b) the excess (to the extent positive) of:

(i) the present value at such redemption date of (1) the redemption price of such Senior Secured Note at January , 2022 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under "*—Optional redemption*" (excluding accrued and unpaid interest)), plus (2) all required interest payments due on such Senior Secured Note to and including January , 2022 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

(ii) the outstanding principal amount of such Senior Secured Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee or any Paying Agent.

"*Bund Rate*" as selected by the Issuer, means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Board of Directors or a member of Senior Management of the Issuer) most nearly equal to the period from the redemption date to January , 2022; *provided*, *however*, that if the period from the redemption date to January , 2022, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to January , 2022, is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used; *provided further*, that in no case shall the Bund Rate be less than zero.

***General***

Notice of any redemption or offer to purchase, whether in connection with an Equity Offering, Change of Control, Alternate Offer, Asset Disposition Offer (each as defined herein) or other transaction or event or otherwise, may, at the Issuer's discretion, be given prior to the completion or occurrence thereof, and any such redemption, offer to purchase or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion or occurrence of the related Equity Offering, Change of Control, Asset Disposition or other transaction or event, as the case may be. The Issuer may redeem Senior Secured Notes pursuant to one or more of the relevant provisions in the Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions will have different redemption dates. In addition, if such redemption is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption or repurchase date may be delayed until such time (but no more than 60 days after the date the notice of redemption or offer to purchase was sent, unless such notice was sent in connection with a Change of Control Offer or an Alternate Offer, in which case the redemption or repurchase date may be delayed by more than 60 days) as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption or purchase date, or by the redemption or purchase date so delayed, or that such notice may be rescinded at any time in the Issuer's sole discretion if the Issuer determines that any or all of such conditions will not be satisfied or waived. In addition, the Issuer may provide in such notice or offer to purchase that payment of the redemption or purchase price and performance of the Issuer's obligations with respect to such redemption or offer to purchase may be performed by another Person.

Notice of redemption will be provided as set forth under "*—Selection and notice*" below. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Senior Secured Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Senior Secured Notes will be subject to redemption by the Issuer.

Notwithstanding the foregoing, in connection with any tender offer, Change of Control Offer, Alternate Offer or Asset Disposition Offer of any series of Senior Secured Notes, if Holders of not less than 90% in aggregate principal amount of the then outstanding Senior Secured Notes of such series validly tender and do not validly withdraw such Senior Secured Notes in such offer and the Issuer, or any third party making such offer in lieu of the Issuer, purchases all of the Senior Secured Notes of such series validly tendered and not validly withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than

60 days' prior notice, given not more than 60 days following such purchase date, to redeem all Senior Secured Notes of such series that remain outstanding following such purchase at a price equal to the price offered to each other Holder in such offer (which may be less than par) plus, to the extent not included in the offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, 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 falling prior to or on the redemption date. In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Senior Secured Notes of a series have validly tendered and not validly withdrawn Senior Secured Notes in a tender offer, Change of Control Offer, Alternate Offer or Asset Disposition Offer, as applicable, Senior Secured Notes owned by an Affiliate of the Issuer or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer, Change of Control Offer, Alternate Offer or Asset Disposition Offer, as applicable.

The Issuer, its direct and indirect equityholders, including the Initial Investors, any of its Subsidiaries and their respective Affiliates and members of our management may repurchase the Senior Secured Notes at any time and from time to time in the open market or otherwise.

**No sinking fund**

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Senior Secured Notes.

**Redemption at maturity**

On , 2025, the Issuer will redeem the Senior Secured Notes that have not been previously redeemed or purchased and canceled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to 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).

**Selection and notice**

If less than all of the Senior Secured Notes are to be redeemed at any time, the Paying Agent or the Registrar will select Senior Secured Notes for redemption on a pro rata basis (or, in the case of Senior Secured Notes issued in global form as discussed under "*Book-entry, delivery and form*," based on a method that most nearly approximates a pro rata selection as the Paying Agent or the Registrar deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee, the Paying Agent and the Registrar will not be liable for any selections made in accordance with this paragraph.

For Senior Secured Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear for communication to entitled account Holders in substitution for the aforesaid mailing. If and for so long as any Senior Secured Notes are listed on the Official List of the Exchange and if and to the extent the rules of the Exchange so require, the Issuer will notify the Exchange of any such notice to the Holders of the relevant Senior Secured Notes and, in connection with any redemption, the Issuer will notify the Exchange of any change in the principal amount of Senior Secured Notes outstanding.

If any Senior Secured Note is to be redeemed in part only, the notice of redemption that relates to that Senior Secured Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Senior Secured Notes called for redemption become due on the date fixed for redemption. Unless the Issuer defaults in the payment of the redemption price, on and after the redemption date interest will cease to accrue on Senior Secured Notes or portions of Senior Secured Notes called for redemption.

**Redemption for taxation reasons**

The Issuer may redeem the Senior Secured Notes in whole, but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the Senior Secured Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax 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) and all Additional Amounts (as defined below under "*—Withholding taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in an official application, administration or interpretation of such laws, treaties, regulations or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published practice or guidance) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Senior Secured Notes would be, required to pay Additional Amounts with respect to the Senior Secured Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be formally announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Senior Secured Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendment occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts. Prior to the publication or mailing of any notice of redemption of Senior Secured Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that the Payor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld, conditioned or delayed) to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely absolutely and without further inquiry on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders.

**Withholding taxes**

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "*Payor*") in respect of the Senior Secured Notes or with respect to any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Senior Secured Note is made or any political subdivision or governmental authority thereof or therein having the power to tax (including the jurisdiction of any Paying Agent); or

(2) any other jurisdiction in which a Payor is organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "*Relevant Taxing Jurisdiction*"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor or the Paying Agent with respect to any Senior Secured Note or any Notes Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received by each Holder (or beneficial owner) in respect of such payments, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received by each Holder (or beneficial owner) in respect of such payments on any such Senior Secured Note or Notes Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes, to the extent such Taxes would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment or having a place of management present or deemed present in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Senior Secured Note or the receipt of any payment or the exercise or enforcement of rights under such Senior Secured Note, the Indenture or a Notes Guarantee;

(2) any Taxes, to the extent such Taxes are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Senior Secured Note to comply with a written request of the Payor addressed to the Holder or beneficial owner, after reasonable notice (at least 30 days before any such withholding or deduction would be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a law, statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of, all or part of such Tax but, in each case, only to the extent the Holder or beneficial owner is legally entitled to do so;

(3) any Taxes, to the extent that such Taxes are imposed as a result of the presentation of the Senior Secured Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the later of the applicable payment date or the date on which the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Senior Secured Notes been presented on the last day of such 30 day period);

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment on the Senior Secured Notes or with respect to any Notes Guarantee;

(5) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(6) any Taxes imposed in connection with a Senior Secured Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Taxes by presenting the relevant Senior Secured Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union;

(7) any Taxes imposed pursuant to section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code as of the Issue Date (or any amended or successor version that is substantively comparable), any current or future regulations or agreements thereunder, official interpretations thereof, or any similar law or regulation implementing an intergovernmental agreement relating thereto; or

(8) any combination of the items (1) through (7) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Senior Secured Notes, to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Senior Secured Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, or if such tax receipts are not available, certified copies or other reasonable evidence of such payments as soon as reasonably practicable to the Trustee. Such copies or other evidence shall be made available to the Holders upon reasonable request and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Senior Secured Note or any Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable thereafter). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Senior Secured Notes or this "*Description of the Senior Secured Notes*" there is mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Senior Secured Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Senior Secured Notes or any Notes Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay each applicable Holder for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, delivery, issuance, registration, initial resale, enforcement of, or receipt of payments with respect to any Senior Secured Notes, any Notes Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Senior Secured Notes after this Offering and limited, solely to the extent of such Taxes or similar charges or levies that arise from the receipt of any payments of principal or interest on the Senior Secured Notes, to any such Taxes or similar charges or levies that are not excluded under clauses (1) through (3) and (5) through (7)).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Senior Secured Notes (or any Notes Guarantee) is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

**Change of Control Triggering Event**

The Indenture will provide that if a Change of Control Triggering Event occurs, unless (i) a third party makes a Change of Control Offer as described herein or (ii) the Issuer has previously or concurrently delivered a redemption notice with respect to all the outstanding Senior Secured Notes as described under "*—Optional Redemption*," the Issuer will make an offer to purchase all of the Senior Secured Notes (*provided* that Senior Secured Notes of €100,000 or less may only be tendered and repurchased in whole and not in part) pursuant to the offer described below (the "*Change of Control Offer*") at a purchase price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of purchase, subject to the right of Holders of the Senior Secured Notes of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date. Within 60 days following any Change of Control Triggering Event, the Issuer will deliver (or cause to be delivered) notice of such Change of Control Offer electronically or by first-class mail, with a copy to the Trustee, to each Holder of Senior Secured Notes to the address of such Holder appearing in the security register or otherwise in accordance with the procedures of Euroclear or Clearstream, as applicable, with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled "*Change of Control Triggering Event*," and that all Senior Secured Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(2) the purchase price and the purchase date, which will be no earlier than 10 days nor later than 60 days from the date such notice is sent (the "*Change of Control Payment Date*"), except in the case of a conditional Change of Control Offer made in advance of a Change of Control Triggering Event as described below;

(3) that any Senior Secured Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that unless the Issuer defaults in the payment of the Change of Control Payment, all Senior Secured Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Senior Secured Notes purchased pursuant to a Change of Control Offer will be required to surrender such Senior Secured Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Senior Secured Notes completed or otherwise in accordance with the procedures of Euroclear or Clearstream, as applicable, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders whose Senior Secured Notes are being purchased only in part will be issued new Senior Secured Notes and such new Senior Secured Notes will be equal in principal amount to the unpurchased portion of the Senior Secured Notes surrendered. The unpurchased portion of the Senior Secured Notes must be equal to at least €100,000 or any integral multiple or €1,000 in excess thereof;

(7) if such notice is delivered prior to the occurrence of a Change of Control Triggering Event, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control Triggering Event and shall describe each such condition, and, if applicable, shall state that, in the Issuer's discretion, the Change of Control Payment Date may be delayed until such time (including more than 60 days after the notice is sent) as any or all such conditions shall be satisfied or waived, or that such repurchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the Change of Control Payment Date, or by the Change of Control Payment Date as so delayed, or such notice or offer may be rescinded at any time in the Issuer's sole discretion if the Issuer determines that any or all of such conditions will not be satisfied or waived;

(8) any other instructions, as determined by the Issuer, consistent with this Change of Control Triggering Event covenant, that a Holder must follow; and

(9) that Holders will be entitled to withdraw their tendered Senior Secured Notes and their election to require the Issuer to purchase such Senior Secured Notes; provided that the applicable paying agent receives, not later than the close of business on the tenth Business Day prior to the expiration date of the Change of Control Offer, a facsimile transmission or letter setting forth the name of the holder of the Senior Secured Notes, the principal amount of Senior Secured Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Senior Secured Notes, or a specified portion thereof, and its election to have such Senior Secured Notes purchased.

While the Senior Secured Notes are in global form and the Issuer makes an offer to purchase all of the Senior Secured Notes pursuant to the Change of Control Offer, a Holder may exercise its option to elect for the purchase of the Senior Secured Notes or withdraw such election through the facilities of Euroclear or Clearstream, as applicable, subject to the applicable rules and regulations.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of Senior Secured Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations described in the Indenture by virtue thereof. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law:

(1) accept for payment all Senior Secured Notes issued by it or portions thereof validly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the aggregate Change of Control Payment in respect of all Senior Secured Notes or portions thereof so tendered and not validly withdrawn; and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Senior Secured Notes so accepted together with an Officer's Certificate to the Trustee stating that such Senior Secured Notes or portions thereof have been tendered to and purchased by the Issuer.

Our ability to pay cash to the Holders of Senior Secured Notes following the occurrence of a Change of Control Triggering Event may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases.

The Change of Control Triggering Event purchase feature of the Senior Secured Notes may in certain circumstances make more difficult or discourage a sale or takeover of us. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitations on Liens*." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of all the then outstanding Senior Secured Notes. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders of the Senior Secured Notes protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Senior Secured Notes validly tendered and not validly withdrawn under such Change of Control Offer or (ii) in connection with or in contemplation of any Change of Control Triggering Event, the Issuer (or any Affiliate of the Issuer) has made an offer to purchase (an "*Alternate Offer*") any and all Senior Secured Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered in accordance with the terms of the Alternate Offer. Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Senior Secured Notes in the event of a takeover, recapitalization or similar transaction.

Notwithstanding anything to the contrary herein, a Change of Control Offer or Alternate Offer may be made in advance of a Change of Control Triggering Event, conditional upon such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer or Alternate Offer.

A Change of Control Offer or Alternate Offer may be made at the same time as consents are solicited with respect to an amendment, supplement or waiver of the Indenture, Senior Secured Notes, Guarantees and/or Security Documents (but the Change of Control Offer may not condition tenders on the delivery of such consents).

The definition of "*Change of Control*" includes a disposition of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to certain Persons. Although there is a limited body of case law interpreting the phrase "*substantially all*," there is no precise established definition of the phrase "*substantially all*" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control Triggering Event has occurred and whether a Holder of Senior Secured Notes may require the Issuer to make an offer to repurchase the Senior Secured Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Senior Secured Notes as a result of a Change of Control Triggering Event, including the definition of "*Change of Control*," may be waived or modified with the written consent of the Holders of a majority in principal amount of all the then outstanding Senior Secured Notes.

**IPO Pushdown**

On, in contemplation of, or following a public equity offering (an "*IPO Event*"), the Issuer shall be entitled to require (by written notice to the Trustee (a "*Pushdown Notice*")) that the terms of the Indenture and the

Intercreditor Agreement (or any Additional Intercreditor Agreement) shall operate (with effect from the date specified in the relevant Pushdown Notice) on the basis that: (i) references to the Issuer and Restricted Subsidiaries (and all related provisions) shall apply only to the IPO Pushdown Entity and its Restricted Subsidiaries from time to time; (ii) all financial ratio calculations, basket calculations and financial definitions shall exclude any Holding Company of the IPO Pushdown Entity and all reporting obligations shall be assumed at the level of the IPO Pushdown Entity; (iii) each reference in the Indenture or the Intercreditor Agreement (or any Additional Intercreditor Agreement) to "*Issuer*" shall be deemed to be a reference to the IPO Pushdown Entity (to the extent applicable and unless the context requires otherwise); and *provided, further*, that nothing in this paragraph, including the deeming construct contemplated by this sub-paragraph (iii) and any action related thereto taken by the IPO Pushdown Entity prior to but in connection with it being deemed to be the Issuer, shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default; (iv) none of the representations, warranties, undertakings, covenants or Events of Default, as applicable, in the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the other collateral documents shall apply to any entity of which the IPO Pushdown Entity is a Subsidiary (whether in its capacity as a Guarantor in respect of the Senior Secured Notes or otherwise); (v) no event, matter or circumstance relating to any Holding Company of the IPO Pushdown Entity (whether in its capacity as a Guarantor or otherwise) shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default; (vi) each Holding Company of the IPO Pushdown Entity shall be irrevocably and unconditionally released from all obligations under the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement) and any security granted by any such Holding Company; (vii) unless otherwise notified by the Issuer: (A) each Person which is party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a "*Debtor*" (as such term is defined in the Intercreditor Agreement) shall be irrevocably and unconditionally released from the Intercreditor Agreement (or any Additional Intercreditor Agreement) and all obligations and restrictions under the Intercreditor Agreement or any Additional Intercreditor Agreement (and from the date specified by the Issuer, that Person shall cease to be party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a Debtor and shall have no further rights or obligations under the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a Debtor); and (B) there shall be no obligation or requirement for any Person to become party to the Intercreditor Agreement as a Debtor; and (viii) in the event that any Person is released from or does not become party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a Debtor as a consequence of this paragraph, any term of the Indenture and/or the Intercreditor Agreement (or any Additional Intercreditor Agreement) which requires or assumes that any Person be a Debtor or that any liabilities or obligations to such Person be subject to the Intercreditor Agreement (or any Additional Intercreditor Agreement) or otherwise subordinated shall cease to apply. A Pushdown Notice may not be delivered if a Default or Event of Default has occurred and is continuing (disregarding any Default or Event of Default that could be deemed to arise in connection with the transactions contemplated by this provision).

The Trustee, the Security Agent and any other agents party thereto shall be required to enter into any amendment to the Indenture or amendment to or replacement of the Intercreditor Agreement or the other collateral documents required by the Issuer in writing and/or take such other action as is required by the Issuer in order to facilitate or reflect any of the matters contemplated by the first paragraph of this covenant (collectively, an "*IPO Pushdown*"); *provided*, that such amendment or replacement will not impose any personal obligations on the Trustee, the Security Agent and any other agents party thereto or adversely affect the personal rights, protections, duties, liabilities, indemnifications or immunities of the Trustee, the Security Agent or any other agents party thereto under the Indenture, Intercreditor Agreement or collateral documents. The Trustee, the Security Agent and any other agents party thereto are each irrevocably authorized and instructed by the Holders of the Senior Secured Notes (without any consent by the Holders of the Senior Secured Notes) to execute any such amended or replacement documents and/or take other such action on behalf of the Holders (and shall do so on the reasonable request of and at the cost of the Issuer).

For the purpose of this covenant, the "IPO Pushdown Entity" shall be any Restricted Subsidiary of the Issuer notified to the Trustee by the Issuer in writing as the Person to be treated as the IPO Pushdown Entity in relation to the relevant IPO Event; provided, that the IPO Pushdown Entity shall be a Restricted Subsidiary of the Issuer which will issue shares, or whose shares are to be sold, pursuant to that IPO Event (or a Holding Company of such Restricted Subsidiary).

If the Issuer delivers a Pushdown Notice to the Trustee pursuant to the first paragraph of this covenant in relation to a contemplated IPO Event, it shall be entitled to revoke that Pushdown Notice at any time prior to the occurrence of the relevant IPO Event by written notice to the Trustee. In the event that any Pushdown Notice is revoked in accordance with this paragraph: (i) the provisions of clauses (i) to (vii) of the first paragraph of this covenant shall cease to apply in relation to that Pushdown Notice; (ii) if any security has been released pursuant to the first paragraph of this covenant in reliance on that Pushdown Notice, subject to the Agreed Security Principles, the Issuer or the relevant Restricted Subsidiary shall as soon as reasonably practicable execute a replacement Security Document in respect of that security; and (iii) if any Person party to the Intercreditor Agreement as a "*Debtor*" has been released from the Intercreditor Agreement pursuant to sub-clause (vii) of the first paragraph of this covenant in reliance on that Pushdown Notice, that Person shall as soon as reasonably practicable accede to the Intercreditor Agreement as a Debtor.

For the avoidance of doubt: (A) nothing in the immediately preceding paragraph shall prohibit or otherwise restrict the Issuer from delivering a further Pushdown Notice in relation to any actual or contemplated IPO Event; and (B) revocation of a Pushdown Notice shall not, and shall not be deemed to, directly or indirectly constitute or result in a breach of any representation, warranty, undertaking or other term in the Indenture or the Intercreditor Agreement or a Default or an Event of Default (whether by reason of any action or step taken by any Person, or any matter or circumstance arising or committed, while that Pushdown Notice was effective or otherwise).

**Certain covenants**

***Limitation on Indebtedness***

The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness), if on the date of such Incurrence, after giving pro forma effect to the Incurrence of such Indebtedness (including pro forma application of the proceeds thereof), (1) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would have been at least 2.0 to 1.0, *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to this sub-clause (1) by Restricted Subsidiaries that are not Guarantors will not exceed the greater of €60.0 million and 27.5% of Consolidated EBITDA; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio for the Issuer and its Restricted Subsidiaries would have been no greater than 3.75 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("*Permitted Debt*"):

(1) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) an amount equal to the greater of €165.0 million and 75.0% of Consolidated EBITDA; *plus* (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2)

(a) (i) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; and (ii) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of any joint venture in a maximum aggregate principal amount at any time outstanding not exceeding the greater of €30.0 million and 14.0% of Consolidated EBITDA; or

(b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary and

any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4)

(a) Indebtedness represented by the Senior Secured Notes (other than any Additional Senior Secured Notes) and any "*parallel debt*" obligations related to the Senior Secured Notes under the Intercreditor Agreement or any Additional Intercreditor Agreement, as well "*parallel debt*" obligations related to any other Indebtedness permitted to be Incurred pursuant to this Indenture;

(b) any Indebtedness of the Issuer or a Restricted Subsidiary (other than Indebtedness Incurred under the Revolving Credit Facility, the PGE Loan and Indebtedness described in clause (3) of this paragraph) outstanding on or, in respect of factoring financings, securitizations or similar arrangements, Incurred under a facility committed and in effect as of, the Issue Date, including the Existing Senior Secured Floating Rate Notes;

(c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clauses 4(a), 4(b), this clause 4(c), (5)(II) and (13) of this paragraph or Incurred pursuant to the first paragraph of this covenant;

(d) Indebtedness Incurred in respect of Management Advances; and

(e) any loan or other instrument constituting Indebtedness that is subordinated in right of payment to the Senior Secured Notes in compliance with the terms of the Intercreditor Agreement contributing or on-lending the proceeds of any Indebtedness that is Guaranteed by or otherwise considered Indebtedness of the Issuer or any of its Restricted Subsidiaries (including any Parent Senior Notes) and that is permitted to be Incurred pursuant to the Indenture; *provided*, *however*, that the proceeds of Indebtedness incurred pursuant to this clause (e) shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (18) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*";

(5) Indebtedness of any Person (a) outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (b) Incurred to provide all or a portion of the funds utilized to consummate a transaction or series of related transactions pursuant to which (i) any Person became a Restricted Subsidiary or is otherwise acquired by the Issuer or a Restricted Subsidiary or (ii) any assets are acquired and related liabilities are assumed by the Issuer or any Restricted Subsidiary; *provided* that Indebtedness Incurred pursuant to this clause (5) is in an aggregate amount not to exceed (I) the greater of €22.0 million and 10.0% of Consolidated EBITDA at the time of Incurrence, *plus* (II) unlimited additional Indebtedness to the extent that after giving pro forma effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, (x) either (A) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (B) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would not be less than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness and (y) to the extent that the Indebtedness Incurred under sub-clause (II) of this clause (5) constitutes Senior Secured Indebtedness, either (A) the Issuer would have been able to Incur €1.00 of additional Senior Secured Indebtedness pursuant to the first paragraph of this covenant or (B) the Consolidated Senior Secured Net Leverage Ratio for the Issuer and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer);

(7) Indebtedness consisting of (a)(i) mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used or useful in a Similar Business, (ii) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or

improvement of property (real or personal), equipment or any other asset that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, *provided* that the Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 365 days thereafter, and (iii) Leases other than in the ordinary course of business and, in each case, any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to clause (a) and then outstanding, will not exceed at any time outstanding the greater of €30.0 million and 14.0% of Consolidated EBITDA or (b) Leases in the ordinary course of business;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax (including interest and penalties with respect thereto) or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement; (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing; (c) the financing of insurance premiums in the ordinary course of business; (d) any Cash Management Services, customary cash pooling or netting or setting off arrangements, including customary credit card facilities, in the ordinary course of business; and (e) Indebtedness representing (i) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent, the Issuer or any of its Subsidiaries in the ordinary course of business or (ii) deferred compensation or other similar arrangements in connection with the Refinancing or any other Investment or acquisition permitted hereby or in connection with a Permitted Change of Control;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary or any other Investment permitted under the Indenture (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10)

(a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) (i) customer deposits and advance payments received for good faith commercial reasons from customers for goods or services purchased and (ii) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements entered into for good faith commercial reasons;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness Incurred by the Issuer or a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred

pursuant to this clause (11) and then outstanding, will not exceed the greater of €65.0 million and 30.0% of Consolidated EBITDA;

(12) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to factoring, securitizations, receivables financings or similar arrangements, in each case that are not recourse to the Issuer or any Restricted Subsidiary other than a Receivables Subsidiary (except to the extent customary for such type of factoring, securitizations, receivables financings or similar arrangements and except for Standard Securitization Undertakings);

(13) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution or an Excluded Amount) or otherwise contributed to the equity (other than by the Issuer or a Restricted Subsidiary and other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution or an Excluded Amount) of the Issuer or any Restricted Subsidiary, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (18) of the third paragraph of the covenant described below under "—*Limitation on Restricted Payments*" to the extent the Issuer or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any Restricted Subsidiary makes a Restricted Payment under the first paragraph and clauses (1), (6) and (18) of the third paragraph of the covenant described under "—*Limitation on Restricted Payments*" in reliance thereon; and

(14) the Incurrence by the Issuer or any Restricted Subsidiary of Indebtedness consisting of local lines of credit or working capital facilities not exceeding the greater of €30.0 million and 14.0% of Consolidated EBITDA.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one (or more, if applicable) of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness Incurred under clause (1) of the second paragraph of this covenant that is secured by a Lien on the Collateral that is accorded super senior priority status with respect to proceeds of enforcement of Collateral under the Intercreditor Agreement or any Additional Intercreditor Agreement (including the Revolving Credit Facility and the PGE Loan) may not be reclassified;

(3) in any case where the amount of Indebtedness that may be Incurred pursuant to any provision of this covenant or secured pursuant to the covenant set forth in "—*Limitation on Liens*" is or may be based on Consolidated EBITDA, the amount that may be Incurred and/or secured under such provisions shall be deemed to include all amounts necessary to renew, refund, refinance, replace, restructure, defease or discharge any Indebtedness Incurred and/or secured pursuant to such provisions. Notwithstanding any other provision of this covenant or secured pursuant to the covenant set forth in "—*Limitation on Liens*," the maximum amount that the Issuer or a Restricted Subsidiary may Incur and/or secured pursuant to this covenant and/or the covenant set forth in "—*Limitation on Liens*" shall not be deemed to be exceeded, with respect to such Incurrence or grant of Lien, due solely to the result of fluctuations in the amount of Consolidated EBITDA (and, for the avoidance of doubt, such Indebtedness and such Lien will be permitted to be refinanced or replaced notwithstanding that, after giving effect to such refinancing or replacement, such excess will continue);

(4) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(5) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11), (13) or (14) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(6) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(7) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS;

(9) accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant, nor to be the Incurrence of a Lien under the covenant set forth in "*—Limitation on Liens*"; *provided* that the Lien securing such originally Incurred Preferred Stock or Indebtedness was secured in accordance with the Indenture. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness;

(10) in the case of any Refinancing Indebtedness, when measuring the outstanding amount of such Indebtedness, such amount shall not include any amounts necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses Incurred in connection with such refinancing; and

(11) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to clause (29) of the definition of "*Permitted Liens*" or any Permitted Collateral Lien, the Incurrence or issuance thereof for all purposes under the Indenture, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Senior Secured Net Leverage Ratio, as applicable, or use of clauses (1) through (14) of the preceding paragraph (if any) for borrowings and re-borrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Issuer's option, either (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock, and, if such Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or Consolidated Senior Secured Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or re-borrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant and under the covenant described under "*—Limitation on Liens*" irrespective of the Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Senior Secured Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or re-borrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "*Reserved Indebtedness Amount*" as of such date for purposes of the Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio and the Consolidated Senior Secured Net Leverage Ratio, as applicable, or other provision of the Indenture, and, to the extent the usage of clauses (1) through (14) of the preceding paragraph (if any), shall be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and in each case, the Issuer may revoke such determination at any time and from time to time.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by such Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "—*Limitation on Indebtedness*," the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the "*Euro Equivalent*" of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Euro Equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of "*Refinancing Indebtedness*"; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

***Limitation on Restricted Payments***

The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any Restricted Subsidiary) except:

   (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in Subordinated Shareholder Funding; and

   (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a pro rata basis);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person (each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "*Restricted Payment*").

Notwithstanding the foregoing, the Issuer or any Restricted Subsidiary may make Restricted Payments, if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) no Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer would have been permitted to Incur at least an additional €1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a pro forma basis, to such Restricted Payment; and

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to November 14, 2016, and not returned or rescinded (including Permitted Payments permitted below by clauses (5) and (10)(ii) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph, and, in each case, any Permitted Payments or Restricted Payments made prior the Issue Date pursuant to similar provisions included in any of the indentures governing the Existing Senior Secured Floating Rate Notes or the Revolving Credit Facility) would not exceed the sum of (without duplication):

    (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the AD Acquisition Completion Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

    (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the AD Acquisition Completion Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the AD Acquisition Completion Date (other than (w) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph and (z) Excluded Contributions);

    (iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the AD Acquisition Completion Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (y) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph and (z) Excluded Contributions;

    (iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the AD Acquisition Completion Date;

    (v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "*Permitted Investment*"; and

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the AD Acquisition Completion Date from an Unrestricted Subsidiary, to the extent that such dividend or distribution does not reduce the amount of Investments outstanding under clauses (11) or (18) of the definition of "*Permitted Investment*";

*provided*, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in the foregoing clauses (iv), (v) or (vi). The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an Officer of the Issuer.

Notwithstanding the foregoing, any amounts (such amounts described in this paragraph, the "*Excluded Amounts*") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of the preceding clause (c) will be excluded to the extent (1) such amounts result from the receipt of Net Cash Proceeds, property or assets or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control Triggering Event pursuant to the definition thereof, (2) the purpose of the receipt of such Net Cash Proceeds, property or assets or marketable securities was to reduce the Consolidated Net Leverage Ratio of the Issuer so that a Change of Control Triggering Event would not occur (that is, without the receipt of such Net Cash Proceeds, property or assets or marketable securities, a Change of Control Triggering Event would have occurred) and (3) no Change of Control Offer is made in accordance with the requirements of the Indenture.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares pursuant to clause (11) of this paragraph) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than the issuance of Disqualified Stock or Designated Preference Shares or as an Excluded Contribution or Excluded Amount) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Issuer or Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Issuer or Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on sales of assets and Subsidiary stock*," but only if the Issuer shall have first complied with the terms described under "*—Limitation on sales of assets and Subsidiary stock*" and purchased all Senior Secured Notes tendered pursuant to any offer to repurchase all the Senior Secured Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such

Subordinated Indebtedness and (ii) at a purchase price not greater than 100.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "*change of control*"), but only (i) if the Issuer shall have first complied with the terms described under "—*Change of Control Triggering Event*" and purchased all Senior Secured Notes tendered pursuant to the offer to repurchase all the Senior Secured Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or any assets are acquired and related liabilities assumed by the Issuer or any Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such transaction or series of transactions) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (in each case, including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (x) €5.0 million, plus €3.0 million multiplied by the number of calendar years that have commenced since the AD Acquisition Completion Date (with any amount unused in any calendar year being carried over in the following years), plus (y) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), plus (z) the Net Cash Proceeds of key man life insurance policies, to the extent such Net Cash Proceeds in (y) and (z) are not included in any calculation under clause c(ii) or (c)(iii) of the first paragraph describing this covenant and are not Excluded Contributions or Excluded Amounts;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—*Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes; and

(b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (A) in connection with the Refinancing or disclosed in this Offering Memorandum or (B) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "—*Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in (i) an aggregate amount outstanding at any time not to exceed the greater of €55.0 million and 25.0% of Consolidated EBITDA; and (ii) any Restricted Payments, so long as, immediately after giving *pro forma* effect to the payment of such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Net Leverage Ratio shall be no greater than 3.25 to 1.00;

(11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer);

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate amount of Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (12);

(13) payment of any Receivables Fees and purchases of Receivables Assets and related assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided* that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or Excluded Amounts or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(16) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares); *provided*, *however*, that the total aggregate amount of Restricted Payments made under this clause (16) does not exceed the greater of €10.0 million and 4.5% of Consolidated EBITDA per calendar year;

(17) (a) dividends or other distributions to the issuer of Parent Senior Notes to fund the substantially concurrent, regularly scheduled payment of interest or additional amounts, if any, as such amounts come due under the Parent Senior Notes, other than at any time when a Secured Debt Payment Default has occurred and is continuing or a Senior Unsecured Notes Payment Stop Notice is outstanding (in each case as such terms, or equivalent terms, are defined in the Intercreditor Agreement or any Additional Intercreditor Agreement); *provided* that the entire net proceeds of such Parent Senior Notes have been contributed to the equity of or lent to the Issuer as Subordinated Shareholder Funding or Indebtedness that is contractually subordinated in right of payment to the Senior Secured Notes in compliance with the terms of the Indenture; *provided further*, that in no event shall any such proceeds be included in the calculation of amounts available under clause (c) of the first paragraph of this covenant or used to make a Restricted Payment pursuant to clauses (1), (6) or (18) of this paragraph and (b) the Guarantee by the Issuer and any Guarantor of such Parent Senior Notes; and

(18) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock, common stock or common equity interests of the Issuer or any Parent following a Public Offering of such Capital Stock, common stock or common equity interests; *provided* that the aggregate amount of all such dividends or distributions shall not exceed in any calendar year the greater of 6% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Issuer or contributed to the capital of the Issuer by any Parent in any form other than Indebtedness or Excluded Contributions or loaned as Subordinated Shareholder Funding to the Issuer.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or a member of Senior Management of the Issuer acting in good faith.

***Limitation on Liens***

None of Luxco 5 (prior to the Luxco 5 Release), Luxco 6, the Parent Guarantor and the Issuer will, and the Issuer will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Senior Secured Notes and all payments due under the Indenture are directly secured equally and ratably with, or prior to (in the case of Liens with respect to Subordinated Indebtedness) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Senior Secured Notes will be automatically and unconditionally released and discharged without any further action by the Trustee or the Security Agent upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*."

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing such Indebtedness.

***Limitation on restrictions on distributions from restricted subsidiaries***

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any other Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

*provided* that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility and the PGE Loan), (b) the Indenture, the Senior Secured Notes, the indenture governing the Existing Senior Secured Floating Rate Notes, the Intercreditor Agreement or the Security Documents, or (c) any other agreement or instrument, in each case in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Issuer, the Successor Issuer or the Successor Subsidiary Guarantor (each as defined under "*—Merger and consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer or the Successor Subsidiary Guarantor;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are (i) no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) or (ii) customary in comparable financings and where, in the case of this sub-clause (ii), the Issuer determines at the time of Incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Senior Secured Notes (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer);

(4) any encumbrance or restriction:

   (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

   (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

   (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Leases permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired in the nature of clause (c) of the preceding paragraph, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—*Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Senior Secured Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, the PGE Loan, the Existing Senior Secured Floating Rate Notes, the Senior Secured Notes or the Indenture, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) or (b) constituting an Additional Intercreditor Agreement;

(12) any encumbrance or restriction effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or a member of Senior Management of the Issuer are customarily Incurred in connection with a Qualified Receivables Financing and that are necessary or advisable to effect such Qualified Receivables Financing; or

(13) any encumbrance or restriction existing by reason of any lien permitted under "—*Limitation on Liens*."

***Limitation on sales of assets and Subsidiary stock***

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the Capital Stock, property or other assets subject to such Asset Disposition (as determined by the Issuer's Board of Directors); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

   (a) cash (including any Net Cash Proceeds received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

   (b) Cash Equivalents;

   (c) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or a Restricted Subsidiary's balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness and Indebtedness owed to the Issuer or any Restricted Subsidiary) that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any Guarantee of such Indebtedness as a result of such Asset Disposition;

   (d) Replacement Assets;

   (e) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

   (f) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor, and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(g) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €35.0 million and 16.0% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(h) a combination of the consideration specified in sub-clauses (a) through (g) of this clause (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 365 days of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Issuer or such Restricted Subsidiary, as applicable, to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*"; *provided*, *however*, that, in connection with any prepayment, repayment, purchase or redemption of Indebtedness pursuant to this clause (1), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchase or redeemed; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem (a) the Senior Secured Notes and/or (b) Indebtedness (other than the Senior Secured Notes, Subordinated Indebtedness or Indebtedness owed to the Issuer or any Restricted Subsidiary) that is secured by a Lien on the Collateral on a *pari passu* basis with the Senior Secured Notes (including Indebtedness with super priority status in respect of the proceeds from the enforcement of the Collateral) at a price of no more than 100% of the principal amount of such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary of the Issuer that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary) and at a price of no more than 100% of the principal amount of such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption;

(2) purchase Senior Secured Notes pursuant to an offer to all Holders of the Senior Secured Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that to the extent the Issuer or any Restricted Subsidiary has elected to purchase any amount of the Senior Secured Notes at a price not less than par, to the extent Holders elect not to tender their Notes for such purchase, the Issuer will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered, and such amount shall not increase the amount of Excess Proceeds;

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Cash Proceeds pursuant to clauses (1) through (6) of this paragraph or a combination thereof; *provided* that a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period, if the investment has not been consummated by that date.

The amount of such Net Cash Proceeds not so used as set forth in this paragraph constitutes "*Excess Proceeds*." Pending the final application of any such Net Cash Proceeds, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

On the 366th day (or the 546th day, if a binding commitment as described in clause (8) above has been entered into after an Asset Disposition, or at such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds the greater of €40.0 million and 18.5% of Consolidated EBITDA, the Issuer will be required within 10 Business Days thereof to make an offer ("*Asset Disposition Offer*") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Senior Secured Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Senior Secured Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Senior Secured Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Senior Secured Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Senior Secured Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Senior Secured Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Senior Secured Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Senior Secured Notes is denominated in a currency other than the currency in which the relevant Senior Secured Notes are denominated, the amount thereof payable in respect of such Senior Secured Notes shall not exceed the net amount of funds in the currency in which such Senior Secured Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Senior Secured Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer will purchase the principal amount of Senior Secured Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased by it pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Senior Secured Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Senior Secured Notes and Pari Passu Indebtedness or portions of Senior Secured Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Senior Secured Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Senior Secured Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Senior Secured Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Senior Secured Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Senior Secured Note to such Holder, in a principal amount equal to any unpurchased portion of the Senior Secured Note surrendered; *provided* that each such new Senior Secured Note will be in a principal amount with a minimum denomination of €100,000. Any Senior Secured Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Senior Secured Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

The Issuer or a Restricted Subsidiary, as the case may be, may make an Asset Disposition offer prior to the expiration of the 365-day (or 545-day, as applicable) period mentioned in this covenant.

***Limitation on Affiliate Transactions***

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of the greater of €15.0 million and 7.0% of Consolidated EBITDA unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of €30.0 million and 14.0% of Consolidated EBITDA, the terms of such transaction or series of related transactions have been approved or ratified by a resolution of the majority of the disinterested members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*" (other than pursuant to clause (9)(b)(B) of the third paragraph of the covenant described under "*—Limitations on Restricted Payments*") and any agreement related to such Restricted Payments or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11) and (14) of the definition thereof);

(2) any issuance or sale of Subordinated Shareholder Funding, Capital Stock, options, other equity-related investments or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved or ratified by the Board of Directors of the Issuer;

(3) any Management Advances and any waiver or transaction with respect thereto, or Parent Expenses;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or with an entity that is not an Affiliate that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Refinancing, (ii) the entry into and performance of obligations of the Issuer or any Restricted Subsidiary under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed,

replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any Restricted Subsidiary is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business; *provided* that payments under such Tax Sharing Agreement shall not exceed, and shall not be duplicative of, the amounts described under clause (7) of the definition of "*Parent Expenses*" and that the related tax liabilities of the Issuer and its Restricted Subsidiaries are relieved thereby;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer (other than an Unrestricted Subsidiary) or an Associate or similar entity, including any joint venture, that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock, or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved or ratified by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable; *provided further* that such Subordinated Shareholder Funding, as amended or otherwise modified, will be deemed to be Subordinated Shareholder Funding for all purposes under the Indenture;

(11) without duplication of the payments referred to under items 6(a) and 6(b) of the definition of "*Parent Expenses*," (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees in an aggregate amount not to exceed the greater of €3.0 million and 1.5% of Consolidated EBITDA per annum and, in each case, related expenses and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, and payments related to the reimbursement of reasonable out-of-pocket expenses Incurred by a Permitted Holder in connection with its Investment in the Issuer or any Restricted Subsidiary, which payments (or agreements providing for such payments) in respect of this clause (11) are approved or ratified by a majority of the Board of Directors of the Issuer in good faith;

(12) any transactions in respect of which the Issuer or a Restricted Subsidiary delivers a written opinion (in form and substance reasonably satisfactory to the Trustee) to the Trustee from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's-length basis from a Person who is not an Affiliate;

(13) any contribution to the equity of the Issuer in exchange for Capital Stock (other than Disqualified Stock and Preferred Stock) or any investments by any of the Permitted Holders in securities of any Restricted Subsidiary (and the payment of reasonable out-of-pocket expenses of the Permitted Holders in connection therewith);

(14) pledges of Capital Stock of Unrestricted Subsidiaries;

(15) any transaction effected as part of a Qualified Receivables Financing;

(16) Investments by Affiliates in Indebtedness or Preferred Stock of the Issuer or any of its Subsidiaries, so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) non-Affiliates were

also offered the opportunity to invest in such Indebtedness or Preferred Stock on the same or more favorable terms and (iii) in the case of securities, the investment constitutes less than 5% of the issue amount of such securities, and transactions with Affiliates solely in their capacity as holders of Indebtedness or Preferred Stock of the Issuer or any of its Subsidiaries, so long as such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally; and

(17) transactions related to a Permitted Change of Control, the payment of Permitted Change of Control Costs and the issuance of Capital Stock or Subordinated Shareholder Funding to the management of the Issuer or any of its Restricted Subsidiaries in connection with a Permitted Change of Control.

***Reports***

So long as any Senior Secured Notes are outstanding, the Issuer will furnish to the Trustee the following report:

(1) within 120 days after the end of the Parent Guarantor's fiscal year beginning with the fiscal year ending December 31, 2020, (a) annual reports containing: (i) information with a level and type of detail that is substantially comparable in all material respects to information in the sections entitled "*Management's discussion and analysis of financial condition and results of operations*" and "*Business*" in this Offering Memorandum; (ii) unaudited pro forma income statement and balance sheet information of the Parent Guarantor together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such pro forma information has been provided in a previous report pursuant to clause 2(b) or (2)(c) below); *provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; and (iii) the audited consolidated balance sheet of the Parent Guarantor as at the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (b) a description of the management and shareholders of the Parent Guarantor, all material affiliate transactions and a description of all material debt instruments; (c) a description of material risk factors and material subsequent events; and (d) Consolidated EBITDA; *provided* that the information described in clauses (b), (c) and (d) may be provided in the footnotes to the audited financial statements;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Parent Guarantor, beginning with the quarter ended June 30, 2020, quarterly financial statements containing the following information: (a) the Parent Guarantor's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (b) unaudited pro forma income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; and (c) an operating and financial review of the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer or the Parent Guarantor announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or the Parent Guarantor or a change in auditors of the Issuer or the Parent Guarantor, a report containing a description of such event,

*provided* that the reports required in each of clause (1) and (2) above shall include in such report a reasonably detailed description of material differences, if any, between the financial statements of the Parent Guarantor and the Issuer for any period after the Issue Date.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Senior Secured Notes are not freely transferable under the Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will use its commercially reasonable efforts to post such report on the Issuer's website. The Issuer will also provide copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and for so long as the Senior Secured Notes are listed on the Official List of the Exchange and if and to the extent the rules of the Exchange so require, to the Exchange.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. Except as provided below, no report need include separate financial statements for the Issuer or any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. GAAP.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Parent Guarantor's (a) total revenue or Consolidated EBITDA for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee or (b) consolidated assets as of the last day of the most recent quarter for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*Reports*" will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

In the event that (i) the Issuer or any Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent, as applicable, is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d).

The Issuer may comply with the requirements of clauses (1) and (2) of this covenant by providing consolidated financial information and reports of the Issuer and its Subsidiaries instead of the Parent Guarantor. The Issuer may also comply with any requirement to provide reports or financial statements under this covenant by providing any report or financial statements of a direct or indirect Parent of the Issuer (if such entity is different from the Parent Guarantor) so long as such reports (if an annual or quarterly report) (a) meet the requirements (including as to content and time of delivery) of clause (1) and (2) of this covenant as if references to the Parent Guarantor therein were references to such Parent and (b) include condensed consolidated financial information together with separate columns for: (i) such Parent; (ii) the Parent Guarantor, the Issuer and the Restricted Subsidiaries on a combined basis; (iii) any other Subsidiaries of the Issuer on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Additionally, in the event that, and for so long as, the equity securities of the Issuer or any Parent or IPO Entity are listed on the Main Market of the London Stock Exchange (or one or more of the equivalent regulated markets of the Frankfurt Stock Exchange or the Paris Stock Exchange) and the Issuer or such Parent or IPO Entity is subject to the Admission and Disclosure Standards applicable to issuers of equity securities admitted to trading on the Main Market of the London Stock Exchange (or the equivalent standards applicable to issuers of equity securities admitted to trading on one or more of the equivalent regulated markets of the Frankfurt Stock Exchange or the Paris Stock Exchange), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent or IPO Entity is, or would be, required to file with the London Stock Exchange pursuant to such Admission and Disclosure Standards (or the applicable standards of one or more of the equivalent regulated markets of the Frankfurt Stock Exchange or the Paris Stock Exchange, as applicable). Upon complying with the foregoing requirements, and provided, that such requirements require the Issuer or any Parent or IPO Entity to prepare and file annual reports, information, documents and other reports with the Main Market of the London Stock Exchange, or one or more of the equivalent regulated markets of the Frankfurt Stock Exchange or the Paris Stock Exchange, as applicable, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Delivery of any information, documents and reports to the Trustee pursuant to this "*Reports*" covenant is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

***Merger and consolidation***

*The Issuer*

The Issuer will not, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) either the Issuer is the surviving entity or the resulting, surviving or transferee Person (the "*Successor Issuer*") will be a Person organized and existing under the laws of any member state of the European Union, any State of the United States of America or the District of Columbia, Canada or any province of Canada, the United Kingdom, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Senior Secured Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Issuer or the Successor Issuer, as applicable, would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio of the Issuer or the Successor Issuer, as applicable, and its Restricted Subsidiaries would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer or the Successor Issuer, as applicable, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the terms of the Indenture and an Opinion of Counsel to the effect that in the case of the Successor Issuer, such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Person will not be released from its obligations under the Indenture or the Senior Secured Notes.

There is no precise established definition of the phrase "*substantially all*" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "*all or substantially all*" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "*Merger and consolidation—The Issuer*" covenant) shall not apply to the creation of a new subsidiary as a Restricted Subsidiary of the Issuer.

*The Parent Guarantor*

The Parent Guarantor will not, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose of all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) either the Parent Guarantor is the surviving entity or the resulting, surviving or transferee Person (the "*Successor Parent Guarantor*") will be a Person organized and existing under the laws of any member state of the European Union, any State of the United States of America or the District of Columbia, Canada or any province of Canada, the United Kingdom, Norway or Switzerland and the Successor Parent Guarantor (if not the Parent Guarantor) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of the Parent Guarantor under its Notes Guarantee and the Indenture and (b) all obligations of the Parent Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents (or the Successor Parent Guarantor shall have entered into security documents creating Liens over the relevant Collateral on substantially the same terms as the corresponding Security Documents then in force), as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Parent Guarantor or any Subsidiary of the Successor Parent Guarantor as a result of such transaction as having been Incurred by the Successor Parent Guarantor or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and

(3) the Parent Guarantor or the Successor Parent Guarantor, as applicable, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the terms of the Indenture and an Opinion of Counsel to the effect that, in the case of the Successor Parent Guarantor, such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Parent Guarantor, which properties and assets, if held by the Parent Guarantor instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Parent Guarantor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Parent Guarantor.

The Successor Parent Guarantor will succeed to, and be substituted for, and may exercise every right and power of, the Parent Guarantor under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Person will not be released from its obligations under the Indenture or its Notes Guarantee.

There is no precise established definition of the phrase "*substantially all*" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "*all or substantially all*" of the property or assets of a Person.

*The Subsidiary Guarantors*

No Subsidiary Guarantor (other than a Subsidiary Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition) will, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose of all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the other Person is the Issuer or, in the case of a Subsidiary Guarantor, any Restricted Subsidiary that is a Subsidiary Guarantor or becomes a Subsidiary Guarantor substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease, sell or other disposition;

(2) (a) either (x) a Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Subsidiary Guarantor under its Notes Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of the Subsidiary Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable (such resulting, surviving or transferee Person, the "*Successor Subsidiary Guarantor*"); and (b) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(3) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of a Subsidiary Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture.

The provisions set forth in this "*Merger and consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not the Issuer or a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Subsidiary Guarantor or any other Restricted Subsidiary that is not the Issuer or a Guarantor; (ii) any Subsidiary Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Subsidiary Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Senior Secured Notes, the Indenture, the Intercreditor, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (4) under the heading "*—The Issuer*" shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1) and (4) under the heading "*—The Issuer*" or clauses (1) through (3) under the heading "*—The Subsidiary Guarantors*," as the case may be, shall apply to any such transaction.

***Impairment of Security Interest***

None of Luxco 5 (prior to the Luxco 5 Release), Luxco 6, the Parent Guarantor or the Issuer shall, and the Issuer shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and none of Luxco 5 (prior to the Luxco 5 Release), Luxco 6, the Parent Guarantor or the Issuer shall, and the Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) Luxco 5 (prior to the Luxco 5 Release), Luxco 6, the Parent Guarantor, the Issuer and/or any of its Restricted Subsidiaries (as applicable) and the Security Agent may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of Incurring Permitted Collateral Liens, (ii) Luxco 5 (prior to the Luxco 5 Release), Luxco 6, the Parent Guarantor, the Issuer and/or its Restricted Subsidiaries (as applicable) and the Security Agent may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of undertaking a Permitted Reorganization or a transaction not prohibited by the covenant set forth under "*—Merger and Consolidation*," (iii) the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, error or inconsistency therein and (v) Luxco 5 (prior to the Luxco 5 Release), Luxco 6, the Parent Guarantor, the Issuer and/or its Restricted Subsidiaries (as applicable) and the Security Agent may amend the Security Interests in any manner that does not adversely affect Holders of the Senior Secured Notes in any material respect; *provided*, *however*, that in the case of clause (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (a) a solvency opinion, reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (b) a certificate from the

Board of Directors of the relevant Person, in a form reasonably satisfactory to the Trustee, which confirms the solvency of the Issuer or the relevant Person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (c) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement.

In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction) consent to such amendments without the need for instructions from the Holders.

***Additional Guarantees***

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness of the Issuer or a Guarantor Incurred pursuant to a Credit Facility (including, for the avoidance of doubt, the Revolving Credit Facility) unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee would be inconsistent with the Agreed Security Principles or may reasonably be expected to give rise to or result in (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restrictions) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or shareholders of such Restricted Subsidiary; or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses Incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (2) undertaken in connection with, such Notes Guarantee which cannot be avoided through measures reasonably available to the Issuer or any Restricted Subsidiary. At the option of the Issuer, any Notes Guarantee may contain limitations on such Guarantor's liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "*—Notes Guarantees—Notes Guarantees releases*." A Notes Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (1) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor or (2) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Certain insolvency law considerations and limitations on the validity and enforceability of the Guarantees and the security interests*."

***Additional intercreditor agreements***

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any (x) Indebtedness permitted pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or clause (1), (4), (5), (6), (7), (11) or (13) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and (y) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x), the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Senior Secured Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Senior Secured Notes (including Additional Senior Secured Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Senior Secured Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an Officer's Certificate and an Opinion of Counsel. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Senior Secured Notes then outstanding, except as otherwise permitted below under "*—Amendments and waivers*," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Senior Secured Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*."

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices.

***Suspension of covenants on achievement of Investment Grade Status***

If on any date following the Issue Date, the Senior Secured Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until such time, if any, at which the Senior Secured Notes cease to have Investment Grade Status (the "*Reversion Date*"), the provisions of the Indenture summarized under the following captions will not apply to the Senior Secured Notes:

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Indebtedness*";

(3) "*—Limitation on restrictions on distributions from Restricted Subsidiaries*";

(4) "*—Limitation on Affiliate transactions*";

(5) "*—Limitation on sales of assets and Subsidiary stock*";

(6) the provisions of clause (3) of the covenant described under "*—Merger and consolidation—The Issuer*";

(7) "*—Impairment of Security Interest*"; and

(8) the second, third and fourth paragraphs of the definition of "*Unrestricted Subsidiary*,"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The covenant set forth under "*—Limitation on Restricted Payments*" and the second, third and fourth paragraphs of the definition of "U*nrestricted Subsidiary*" will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness of the Issuer and its Restricted Subsidiaries Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*."

Furthermore, (a) any transactions prohibited by the covenant set forth under "*—Limitation on Affiliate transactions*" entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (6)(ii) of the second paragraph of the covenant set forth under "*—Limitation on Affiliate transactions*," and (b) any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (A) through (C) of the first paragraph of the covenant described under "*—Limitation on restrictions on distribution from Restricted Subsidiaries*" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (1)(c) of the second paragraph of the covenant set forth under "*—Limitation on restrictions on distribution from Restricted Subsidiaries*."

In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Senior Secured Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Senior Secured Notes no longer having an Investment Grade Status. The Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption has been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. The Trustee shall not be obliged to notify Holders of a Suspension Event or, if applicable, upon the occurrence of a Reversion Date.

There can be no assurance that the Senior Secured Notes will ever achieve or maintain an Investment Grade Status.

***Financial calculations for Limited Condition Transactions***

When calculating the availability under any basket or ratio under the Indenture or compliance with any provision of the Indenture in connection with any Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence or issuance of Indebtedness, Disqualified Stock or Preferred Stock and the use of proceeds thereof, the incurrence of Liens, repayments, Restricted Payments and Asset Dispositions), in each case, at the option of the Issuer (the Issuer's election to exercise such option, an "*LCT Election*"), the date of determination for availability under any such basket or ratio and whether any such action or transaction is permitted (or any requirement or condition therefor is complied with or satisfied (including as to the absence of any continuing Default or Event of Default)) under the Indenture shall be deemed to be the date (the "*LCT Test Date*") the definitive agreements for such Limited Condition Transaction are entered into (or, if applicable, the date of delivery of an irrevocable notice, declaration of a Restricted Payment or similar event), if, after giving pro forma effect to the Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence or issuance of Indebtedness, Disqualified Stock or Preferred Stock and the use of proceeds thereof, the incurrence of Liens, repayments, Restricted Payments and Asset Dispositions) and any related pro forma adjustments, the Issuer or any of its Restricted Subsidiaries would have been permitted to take such actions or consummate such transactions on the relevant LCT Test Date in compliance with such ratio, test or basket (and any related requirements and conditions), such ratio, test or basket (and any related requirements and conditions) shall be deemed to have been complied with (or satisfied) for all purposes (in the case of Indebtedness, for example, whether such Indebtedness is committed, issued or incurred at the LCT Test Date or at any time thereafter); *provided,* that (a) if financial statements for one or more subsequent fiscal quarters shall have become available, the Issuer may elect, in its sole discretion, to re-determine all such ratios, tests or baskets on the basis of such financial statements, in which case, such date of redetermination shall thereafter be deemed to be the applicable LCT Test Date for purposes of such ratios, tests or baskets, (b) except as contemplated in the foregoing clause (a), compliance with such ratios, tests or baskets (and any related requirements and conditions) shall not be determined or tested at any time after the applicable LCT Test Date for such Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence or issuance of Indebtedness, Disqualified Stock or Preferred Stock and the use of proceeds thereof, the incurrence of Liens, repayments, Restricted Payments and Asset Dispositions) and (c) Consolidated Interest Expense for purposes of the Fixed Charge Coverage Ratio will be calculated using an assumed interest rate based on the indicative interest margin contained in any financing commitment documentation with respect to such Indebtedness or, if no such indicative interest margin exists, as reasonably determined by the Issuer in good faith.

For the avoidance of doubt, if the Issuer has made an LCT Election, (1) if any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date would at any time after the LCT Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in EBITDA or total assets of the Issuer or the Person subject to such Limited Condition Transaction, such baskets, tests or ratios will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations; (2) if any related requirements and conditions (including as to the absence of any continuing Default or Event of Default) for which compliance or satisfaction was determined or tested as of the LCT Test Date would at any time after the LCT Test Date not have been complied with or satisfied (including due to the occurrence or continuation of a Default or an Event of Default), such requirements and conditions will not be deemed to have been failed to be complied with or satisfied (and such Default or Event of Default shall be deemed not to have occurred or be continuing); and (3) in calculating the availability under any ratio, test or basket in connection with any action or transaction unrelated to such Limited Condition Transaction following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement or date for redemption, purchase or repayment specified in an irrevocable notice for such Limited Condition Transaction is terminated, expires or passes, as applicable, without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be determined or tested giving pro forma effect to such Limited Condition Transaction, except that in the case of an acquisition, merger or consolidation, any calculation of Consolidated EBITDA for purposes other than Incurrences of Indebtedness or Liens or the making of Restricted Payments (in each case, not related to such acquisition, merger or consolidation) or the calculation of the Consolidated Net Leverage Ratio in connection with a Change of Control Triggering Event shall not reflect such transaction until it has been consummated.

### Events of Default

Each of the following is an "*Event of Default*" under the Indenture:

(1) default in any payment of interest on any Senior Secured Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Senior Secured Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer, the Parent Guarantor or any Restricted Subsidiary or, solely in connection with the covenants described under "*—Certain Covenants—Limitation on Liens*" and "*—Certain Covenants—Impairment of Security Interest*," Luxco 5 (prior to the Luxco 5 Release) and Luxco 6, to comply for 60 days after notice by the Trustee or the Holders of at least 30% in principal amount of the outstanding Senior Secured Notes with their respective other agreements contained in the Indenture;

(4) the occurrence of any default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Restricted Subsidiary (or the payment of which is Guaranteed by the Issuer or any Restricted Subsidiary) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default: (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the

expiration of the grace period provided in such Indebtedness ("*payment default*"); or (b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"), and, in each case the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates an amount equal to the greater of €45.0 million and 20.5% of Consolidated EBITDA or more;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer, the Parent Guarantor or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Parent Guarantor and its Subsidiaries), would constitute a Significant Subsidiary (the "*bankruptcy provisions*") (but excluding, for the avoidance of doubt, any Permitted Reorganization);

(6) failure by the Issuer, the Parent Guarantor or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Parent Guarantor and its Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of an amount equal to the greater of €45.0 million and 20.5% of Consolidated EBITDA (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(7) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of an amount equal to the greater of €20.0 million and 9.0% of Consolidated EBITDA for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents, or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Notes Guarantee of the Parent Guarantor or a Guarantor that is a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or the Parent Guarantor or any Guarantor that is a Significant Subsidiary denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 10 days.

However, a default under clauses (3), (4), (6), (7) or (8) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the outstanding Senior Secured Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4), (6), (7) or (8) the Issuer does not cure such default within the time specified in clauses (3), (4), (6), (7) or (8) as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 30% in principal amount of the outstanding Senior Secured Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Senior Secured Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Senior Secured Notes because an Event of Default described in clause (4) above has occurred and is continuing, the declaration of acceleration of the Senior Secured Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Senior Secured Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Senior Secured Notes that became due solely because of the acceleration of the Senior Secured Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Senior Secured Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Senior Secured Notes may not enforce the Indenture or the Senior Secured Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement. Additionally, the Indenture shall not include any provisions incorporating, giving effect to, or otherwise reflecting the provisions of Section 316(b) of the U.S. Trust Indenture Act of 1939, as amended.

The Holders of a majority in principal amount of the outstanding Senior Secured Notes under the Indenture by notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium, interest or Additional Amounts, if any, on any Senior Secured Note held by a non-consenting Holder (which may only be waived with the consent of Holders holding 90% of the aggregate principal amount of the Senior Secured Notes outstanding under the Indenture)) and rescind any such acceleration with respect to such Senior Secured Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Trustee may withhold from Holders notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any, on the Senior Secured Notes.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee in its sole discretion against any loss, liability or expense caused by taking or not taking such action. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Senior Secured Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Senior Secured Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity satisfactory to it in its sole discretion against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such security and/or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Senior Secured Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Senior Secured Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has actual knowledge, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification or security satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Senior Secured Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year (beginning with the first fiscal year ending after the Issue Date), an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified or secured to its satisfaction in its sole discretion. It may not be possible for the Trustee to take certain actions in relation to the Senior Secured Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

**Amendments and waivers**

Subject to certain exceptions, the Senior Secured Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Senior Secured Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Senior Secured Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes). If any amendment, supplement or waiver will only affect one or more specified series of Senior Secured Notes issued under the Indenture, only the holders of a majority in aggregate principal amount of the then outstanding relevant series of Senior Secured Notes (and not the consent of the holders of the majority of all Senior Secured Notes), as the case may be, shall be required.

However, without the consent of Holders holding not less than 90% (or, in the case of clause (8) of this paragraph, 75%) of the then outstanding principal amount of the Senior Secured Notes affected (or alternatively, with respect to the Senior Secured Notes held by such Holder only, the consent of an affected Holder) (*provided*, *however* that if any amendment, supplement, waiver or other modification or consent will only affect one or more specified series of Senior Secured Notes issued under the Indenture, only the consent of the holders of at least 90% (or, in the case of clause (8) of this paragraph, 75%) of the aggregate principal amount of the then outstanding relevant series of Senior Secured Notes will be required), an amendment or waiver may not, with respect to any Senior Secured Notes held by a non-consenting Holder:

(1) reduce the principal amount of Senior Secured Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Senior Secured Note;

(3) reduce the principal of or extend the Stated Maturity of any Senior Secured Note;

(4) reduce the premium payable upon the redemption of any Senior Secured Note or change the time at which any Senior Secured Note may be redeemed, in each case as described under "*—Optional redemption*";

(5) make any Senior Secured Note payable in money other than that stated in the Senior Secured Note;

(6) impair the right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Senior Secured Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Senior Secured Notes;

(7) make any change in the provision of the Indenture described under "*—Withholding taxes*" that adversely affects the right of any Holder of such Senior Secured Notes in any material respect or amends the terms of such Senior Secured Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Senior Secured Notes (except pursuant to a rescission of acceleration of the Senior Secured Notes by the Holders of at least a majority in aggregate principal amount of such Senior Secured Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

For the avoidance of doubt, changes to the governing law of the Indenture and the Senior Secured Notes shall be permitted pursuant to the first sentence of the first paragraph of this section entitled "*Amendment and waivers*."

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Senior Secured Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Senior Secured Notes Document;

(3) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Senior Secured Notes Documents;

(5) make such provisions as necessary (as determined in good faith by an Officer of the Issuer) for the issuance of Additional Senior Secured Notes;

(6) to provide for a Notes Guarantee by any Restricted Subsidiary in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or "*—Additional Guarantees*," to add Notes Guarantees with respect to the Senior Secured Notes, to add security to or for the benefit of the Senior Secured Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Senior Secured Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Senior Secured Notes to any provision of this "*Description of the Senior Secured Notes*" to the extent that such provision in this "*Description of the Senior Secured Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Senior Secured Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Senior Secured Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with;

(10) as provided in "*—Certain Covenants—Additional Intercreditor Agreement*"; or

(11) to provide for uncertificated Senior Secured Notes in addition to or in place of certificated Senior Secured Notes (*provided* that the uncertificated Senior Secured Notes are issued in registered form for purposes of 163(f) of the U.S. Internal Revenue Code).

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by subsections (3) and (6) of the preceding paragraph in respect of providing for a Notes Guarantee, it shall only be necessary for the supplemental indenture or Notes Guarantee of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee.

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems appropriate, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Senior Secured Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Senior Secured Notes given in connection with a tender of such Holder's Senior Secured Notes will not be rendered invalid by such tender.

The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

**Acts by Holders**

In determining whether the Holders of the required principal amount of the Senior Secured Notes have concurred in any direction, waiver or consent, the Senior Secured Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issue will be disregarded and deemed not to be outstanding.

**Defeasance**

The Issuer at any time may terminate all obligations of the Issuer and each Guarantor under the Senior Secured Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Senior Secured Notes, registration of Senior Secured Notes, mutilated, destroyed, lost or stolen Senior Secured Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantors' obligations under the covenants described under "*—Certain covenants*" (other than clauses (1), (2) and (4) of the covenant described under "*—Certain covenants—Merger and consolidation—The Issuer*") and "*—Change of control"* and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee provision (other than in respect of the Issuer) and the security default provision described under "*—Events of Default*" ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Senior Secured Notes may not be accelerated because of an Event of Default with respect to such Senior Secured Notes. If the Issuer exercises its covenant defeasance option with respect to the Senior Secured Notes, payment of the Senior Secured Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1), (2) and (4) of the covenant described under "*—Certain covenants—Merger and consolidation—The Issuer*"), (4), (5) (other than with respect to the Issuer and the Parent Guarantor), (6), (7) or (8) under "*—Events of Default*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, for the payment of principal, premium, if any, and interest on the Senior Secured Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an opinion of tax counsel in the United States to the effect that Holders and beneficial owners of the relevant Senior Secured Notes will not recognize income, gain or loss for U.S. federal income tax

purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such opinion of tax counsel in the United States must be based on a ruling received from, or published by, the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law occurring after the Issue Date);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer and the Guarantors;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

**Satisfaction and discharge**

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Senior Secured Notes, as expressly provided for in the Indenture) as to all outstanding Senior Secured Notes when (1) either (a) all the Senior Secured Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Senior Secured Notes, and certain Senior Secured Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all Senior Secured Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Senior Secured Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Senior Secured Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture and all sums payable to the Trustee under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents; (4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Senior Secured Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (5)).

**No personal liability of directors, officers, employees and shareholders**

No director, officer, employee, incorporator or shareholder of the Issuer, the Issuer or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer, the Issuer or any Guarantor under the Senior Secured Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Secured Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

**Concerning the Trustee and certain agents**

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Trustee, any Paying Agent or any other such agent will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries. If the Trustee or any Agent becomes the Holder, beneficial owner or pledgee of any Notes, it may deal with the Issuer with the same rights it would have if it were not the Trustee, any Paying Agent or any other such Agent.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes or expenses Incurred without gross negligence, willful default or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

### Notices

For so long as any Senior Secured Notes are represented by Global Notes, all notices to Holders of the Senior Secured Notes will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Each such notice shall be deemed to have been given on the day the notice is given to Euroclear or Clearstream.

Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be deemed to have been given on the later date of its publication and the seventh day after being so mailed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

### Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Senior Secured Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Senior Secured Notes will be prescribed six years after the applicable due date for payment of interest.

### Currency indemnity and calculation of euro-denominated restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors, if any, under or in connection with the Senior Secured Notes and the Notes Guarantees, if any, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Senior Secured Note (as applicable), the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Senior Secured Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer’s and the Guarantors’ other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Senior Secured Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Senior Secured Note or any Notes Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

**Listing**

Application will be made to list the Senior Secured Notes on the Official List of the Exchange and for permission to be granted to deal in the Senior Secured Notes on the Official List of the Exchange. There can be no assurance that the application to list the Senior Secured Notes on the Official List of the Exchange will be approved or that permission to deal in the Senior Secured Notes thereon will be granted, and settlement of the Senior Secured Notes is not conditioned on obtaining this listing or permission.

**Enforceability of judgments**

Since substantially all of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Senior Secured Notes, may not be collectable within the United States.

**Consent to jurisdiction and service**

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Senior Secured Notes, the Issuer and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Senior Secured Indenture will provide that the Issuer, the Sponsor SPVs and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Senior Secured Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York. For the avoidance of doubt, changes to this "*Consent to Jurisdiction and Service*" paragraph may be effected pursuant to the first sentence of the paragraph entitled "*—Amendments and waivers*."

**Governing law**

The Indenture and the Senior Secured Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. For the avoidance of doubt, changes to this "*Governing law*" paragraph may be effected pursuant to the first sentence of the paragraph entitled "*—Amendments and waivers*."

**Certain definitions**

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*AD Acquisition Completion Date*" means December 8, 2015.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "*control*" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "*controlling*" and "*controlled*" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Revolving Credit Facility, as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Senior Secured Notes in good faith by the Issuer.

"*Asset Disposition*" means any direct or indirect sale, transfer, issuance or other disposition, or a series of related sales, transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary, property or other assets (each referred to for the purposes of this definition as a "*disposition*") by the Issuer or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall be deemed not to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities, and the closure of bank accounts;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and the Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of any Cash Management Services, Hedging Obligations, hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "—*Certain covenants—Merger and consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved or ratified by the Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) of less than the greater of €20.0 million and 9.0% of Consolidated EBITDA;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "—*Certain covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or asset dispositions (or portions thereof) to the extent the proceeds thereof are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "—*Certain covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables and related assets in connection with any Qualified Receivables Financing or any factoring transaction or otherwise in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) an issuance or sale by a Restricted Subsidiary of Preferred Stock or Redeemable Capital Stock that is permitted by the covenant described above under "*—Certain covenants—Limitation on Indebtedness*";

(19) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture or pursuant to a Sale and Lease-Back Transaction;

(20) any disposition of assets to a Person who is providing services related to such assets, the provision of which has been or is to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); *provided*, *further*, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (20), does not exceed €30.0 million;

(21) any disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such disposition is applied in accordance with the covenant entitled "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*"; and

(22) any exchange of assets (including a combination of assets and Cash Equivalents) for assets related to a Similar Business of comparable or greater fair market value or usefulness to the business of the Issuer and its Restricted Subsidiaries as a whole, as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under "*Certain Covenants—Limitation on Restricted Payments*," the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or such portion thereof) as an Asset Disposition and/or one of more of the types of Permitted Investments or Investments permitted under "*Certain Covenants—Limitation on Restricted Payments*."

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"*Autodistribution*" means Autodistribution S.A.S.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved or ratified by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Paris, France, New York City, New York or London, United Kingdom are authorized or required by law to close.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, the United Kingdom, Switzerland or Norway or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar or other recognized time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-2" or at least "F2" or the equivalent thereof (or has an equivalent long-term rating by Fitch), or the equivalent thereof by S&P or at least "P-2" or the equivalent thereof (or has an equivalent long-term rating) by Moody's (or if at the time none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250.0 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P, at least "P-2" or the equivalent thereof by Moody's, or at least "F-2" or the equivalent thereof by Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if the three named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by the United States of America, any state of the United States of America, Canada, any province of Canada, any member of the European Union, the United Kingdom, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, the United Kingdom, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "*Asset Disposition*," the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Cash Management Services*" means any of the following: automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"*Change of Control*" means the occurrence of any of the following:

(1) the Issuer becoming aware that (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "*person*" or "*group*" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "*beneficial owner*" (as defined in

Rules 13d-3 and 13d-5 of the Exchange Act as in effect on the Issue Date) of more than 50% of the total voting power of the Voting Stock of the Issuer; or

(2) the sale or transfer (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries (taken as a whole) to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

Notwithstanding the preceding clauses (1) and (2) or any provision of Rule 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with transactions contemplated by such agreement, (ii) if any group includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Issuer beneficially owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by such group or any other member of such group for purposes of determining whether a Change of Control has occurred, (iii) a Person or group will not be deemed to beneficially own the Voting Stock of another person as a result of its ownership of Voting Stock or other securities of such other Person's parent entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent entity having a majority of the aggregate votes on the board of directors (or similar body) of such parent entity, (iv) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner and (v) a transaction or series of transactions will not be deemed to involve a Change of Control solely as a result of the Issuer becoming a direct or indirect wholly owned subsidiary of a holding company if (i) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the direct or indirect holders of the Issuer's Voting Stock immediately prior to that transaction or (ii) immediately following that transaction no Person (other than a holding company satisfying the requirements of the immediately preceding sub-clause (i)) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

"*Change of Control Triggering Event*" means the occurrence of a Change of Control unless the Consolidated Net Leverage Ratio of the Issuer and the Restricted Subsidiaries would have been not greater than 4.00 to 1.00 after giving *pro forma* effect to such Change of Control; *provided* that, notwithstanding anything herein to the contrary, when calculating the Consolidated Net Leverage Ratio for purposes of this definition, the Issuer shall be entitled at its option to make such calculations as it would if making calculations of baskets or ratios in connection with a Limited Condition Transaction; *provided further* that following the first Change of Control Triggering Event in respect of which no Change of Control Offer has been made or waived, the definition of Change of Control Triggering Event shall thereafter mean a Change of Control.

"*CICE*" means the competitive and employment tax credit pursuant to the French 3rd Amended Finance Law for 2012 (*3ème loi de finances rectificative pour 2012*) no 2012-1510 dated December 29, 2012.

"*Clearstream*" means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency thereof.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Senior Secured Notes and/or any Notes Guarantee.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles (including goodwill) and other long-lived

assets and the impact of purchase accounting on the Issuer and its Restricted Subsidiaries for such period) of the Issuer and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period;

(4) any expenses, charges or other costs (including bank fees) related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (whether or not successful) (including any such fees, expenses or charges related to the Refinancing (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer;

(5) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(6) (a) the amount of management, monitoring, consulting and advisory fees, termination payments and related expenses paid to the Permitted Holders (or any accruals relating to such fees and related expenses) during such period to the extent permitted by the covenant described under "*—Certain covenants—Limitation on Affiliate transactions*" and (b) the amount of expenses relating to payments made to option holders (or employees holding other rights tied to the equity value of the Issuer or any Parent) of the Issuer or any Parent in connection with, or as a result of, any distribution being made to shareholders of such Person or its direct or indirect Parent, which payments are being made to compensate such option holders as though they were shareholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture;

(7) other non-cash charges or expenses, write-downs or items reducing Consolidated Net Income (excluding any non-cash items and non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) and any items classified by the Issuer as special, extraordinary, exceptional, unusual or non-recurring items, including start-up costs for any project or new product line, division or new line of business, less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(8) any Receivables Fees and discounts on the sale of accounts receivable in connection with any Qualified Receivables Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period;

(9) the proceeds of any loss of profit, business interruption or equivalent insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received, or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(11) all adjustments of the nature used in connection with the calculation of "Pro Forma Adjusted EBITDA" as set forth in footnote 1 of "*Summary—Summary Historical Financial and Other Information—Other Financial Data*" contained in the Offering Memorandum applied in good faith.

For purposes of calculating Consolidated EBITDA for the purpose of any basket or ratio under the Indenture, Consolidated EBITDA shall be the Consolidated EBITDA of the Issuer measured for the period of the most recently completed four full consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case with such pro forma adjustments giving effect to such Indebtedness, acquisition or Investment, as applicable, since the start of such four fiscal quarters and as are consistent with the pro forma adjustments set forth in the definition of "*Consolidated Senior Secured Net Leverage Ratio*."

"*Consolidated Income Taxes*" means Taxes or other payments, including deferred taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income (expense) of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Leases;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses) and any other consideration given by the Issuer and its Restricted Subsidiaries during the relevant period, and relating to that period, in connection with any acceptance credit, bill discounting debt factoring or other like arrangement;

(3) non-cash interest expense;

(4) (i) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above and (ii) commitment, non-utilization fees, annual agency fees and other recurring fees, to the extent not otherwise included;

(5) costs associated with (i) Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations) and (ii) exchange rate gains or losses arising due to the re- translation of balance sheet items;

(6) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(7) the consolidated interest expense that was capitalized during such period (but excluding any interest capitalized, accrued, accreted or paid in respect of any Subordinated Shareholder Funding); and

(8) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition and (iii) interest with respect to Indebtedness of any Parent of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS and (iv) any Additional Amounts with respect to the Senior Secured Notes or similar tax gross-up on any Indebtedness, which is included in interest expense under IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period (subject to the provisions of the covenant described under "*—Certain covenants—Financial calculations for Limited Condition Transactions*") for any period, the net income (loss) of such Person and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); *provided* that, for the purposes of clause (c)(i) of the first paragraph of the covenant described under "*—Certain covenants—Limitation on Restricted Payments*," such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under clause (11) of the definition of "*Permitted Investments*";

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain covenants—Limitation on Restricted Payments*," any net income (but not loss) of any Restricted Subsidiary (other than a Guarantor) or

dividends or distributions received by a Restricted Subsidiary from an Unrestricted Subsidiary if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Senior Secured Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Revolving Credit Facility and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions specified in clause (11) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on restrictions on distributions from Restricted Subsidiaries*," except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income or dividends or distributions from an Unrestricted Subsidiary up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer) and any net gains, charges or losses with respect to (a) disposed, abandoned and discontinued operations (other than assets held for sale) and any accretion or accrual of discontinued liabilities on the disposal of such disposed, abandoned and discontinued operations and (b) facilities, plants, stores or distribution centers that have been closed during such period;

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements (including any one-time compensation changes), signing, retention or completion bonuses, transaction costs (including costs related to the Refinancing, any Investments or Permitted Change of Control Costs), acquisition costs, business optimization system establishment, software or information technology implementation and development costs, rebranding costs, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes litigation, any asset impairment or the financial impacts of natural disasters (including fire, flood, storm and related events);

(5) the cumulative effect of a change in law, regulation or accounting principles at any time following the Issue Date;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Refinancing, purchase accounting or any acquisition of or merger or consolidation with another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries;

(12) any goodwill or other intangible asset impairment charges and the amortization of intangibles arising from the application of IFRS (excluding any non-cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period except to the extent such item is subsequently reversed);

(13) any fees and expenses (including any transaction or retention bonus or similar payment) Incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, disposition of assets or securities, issuance or repayment of Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs Incurred during such period as a result of any such transaction, in each case whether or not successful; and

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Leverage*" means the sum of the aggregate outstanding Indebtedness and the Reserved Indebtedness Amount of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) and Leases), *less* the amount of cash and Cash Equivalents that would be stated on the balance sheet of the Issuer and its Restricted Subsidiaries as of such date in accordance with IFRS.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Senior Secured Net Leverage Ratio; *provided*, *however*, that the pro forma calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant set forth under "*—Certain covenants—Limitation on Indebtedness*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant set forth under "*—Certain covenants—Limitation on Indebtedness*."

"*Consolidated Senior Secured Net Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness and the Reserved Indebtedness Amount of the Issuer and its Restricted Subsidiaries that, upon Incurrence, would constitute Senior Secured Indebtedness (excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer)), *less* the amount of cash and Cash Equivalents that would be stated on the balance sheet of the Issuer and its Restricted Subsidiaries as of such date in accordance with IFRS.

"*Consolidated Senior Secured Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Senior Secured Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Senior Secured Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Net Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Senior Secured Net Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period and may give effect to cost savings or cost reduction synergies that have occurred; *provided*, *however*, that the pro forma calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant set forth under "*—Certain covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred clause (5)(II) of the second paragraph of the covenant set forth under "*—Certain covenants—Limitation on Indebtedness*") or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant set forth under "*—Certain covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred under clause (5)(II) of the second paragraph of the covenant set forth under "*—Certain covenants—Limitation on Indebtedness*").

In addition, for purposes of calculating the Consolidated Senior Secured Net Leverage Ratio:

(1) acquisitions and Investments that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on or substantially concurrently with the Calculation Date or with all or a portion of the proceeds of any Indebtedness Incurred on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) as if they had occurred on the first day of the reference period;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a pro forma basis as if such disposition occurred on the first day of such period (taking into account anticipated cost reduction synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer of the Issuer responsible for accounting or financial reporting);

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a pro forma basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period;

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness), and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Consolidated Senior Secured Net Leverage shall be treated in accordance with IFRS; and

(7) the difference between: (i) the total pro forma consolidated amount received or receivable pursuant to CICE for the four-quarter reference period as determined on the basis of CICE applicable to all relevant entities of the Issuer and its Restricted Subsidiaries as at the end of the period, and (ii) the total amount received or receivable pursuant to CICE already included in Consolidated EBITDA for that period, shall be added to Consolidated EBITDA.

For the purposes of this definition and the definitions of Consolidated EBITDA, Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer (including in respect of anticipated expense and cost reductions and synergies as though the full effect of such expense and cost reductions and synergies were realized on the first day of the relevant period and shall also include the reasonably anticipated full run-rate cost savings effect (as calculated in good faith by a responsible financial or chief accounting officer of the Issuer) of cost savings programs, business optimization programs, centralized purchasing programs or other restructurings or reorganizations that have been initiated by the Issuer or any of its Restricted Subsidiaries as though programs, restructurings or reorganizations had been fully implemented on the first day of the relevant reference period (regardless of whether these cost savings and expense and cost reduction and expense and cost synergies could then be reflected in pro forma financial statements to the extent prepared); *provided* that such anticipated expense and cost reductions and synergies and cost savings are reasonably anticipated to be realized within 24 months after the consummation of the cost savings program, business optimization program, centralized purchasing program, restructuring, reorganizations or any operational change or the purchase or sale or other event which is expected to result in such anticipated expense and cost reductions and synergies and cost savings) and (b) in determining the amount of Indebtedness outstanding on any date of determination and Fixed Charges for the relevant period, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

For the avoidance of doubt, to the extent permitted under "—*Financial calculations for Limited Condition Transactions*," the Consolidated EBITDA and all outstanding Indebtedness of any company or business to be acquired pursuant to a signed purchase agreement (which may be subject to one or more conditions precedent) may be given pro forma effect for the purpose of calculating the Consolidated Senior Secured Net Leverage Ratio, Consolidated Net Leverage Ratio and Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any Lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments, trust deeds, or indentures (including the Revolving Credit Facility, the PGE Loan or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, performance guarantees, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility, the PGE Loan or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Notes Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "*Credit Facility*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar arrangement or agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*."

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "*Designated Preference Shares*" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) and (c)(iii) of the first paragraph of the covenant described under "*—Certain covenants—Limitation on Restricted Payments*."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Senior Secured Notes or (b) the date on which there are no Senior Secured Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under the caption "*—Certain covenants—Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer or any Parent (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or Excluded Amounts) of the Issuer or any of its Restricted Subsidiary.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into one or more escrow accounts with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "*Escrowed Proceeds*" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency thereof.

"*European Government Obligations*" means any security denominated in euro that is (1) a direct obligation of any country that is a member of the European Monetary Union and whose long- term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means the European Union as in effect on the Issue Date.

"*Exchange*" means The International Stock Exchange Authority Limited.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets (other than Excluded Amounts) received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*Existing 2019 Senior Secured Floating Rate Notes Redemption*" means the redemption of €37.0 million of Senior Secured Floating Rate Notes due 2022 issued under an indenture dated as of February 7, 2019, among, *inter alios*, the Issuer and the Trustee.

"*Existing Senior Secured Floating Rate Notes*" means, collectively, the €443.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2022 issued under an indenture dated as of November 14, 2016, among, *inter alios*, the Issuer and the Trustee, and the €138.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2022 issued under an indenture dated as of February 7, 2019, among, *inter alios*, the Issuer and the Trustee.

"*Existing Senior Secured Fixed Rate Notes Redemption*" means the redemption of the entire aggregate principal amount outstanding of the 4.375% Senior Secured Notes due 2022 issued under an indenture dated as of November 14, 2016, among, *inter alios*, the Issuer and the Trustee.

"*fair market value*" wherever such term is used in this "*Description of the Senior Secured Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Senior Secured Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fitch*" means Fitch Ratings Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal financial statements are available immediately preceding the date on which such Indebtedness is Incurred to (y) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced or ordinary working capital borrowings) or has caused any Reserved Indebtedness Amount to be deemed to be Incurred during such period or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the pro forma calculation of Fixed Charges shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred under clause (5)(II) of the second paragraph of the covenant set forth under "*—Certain covenants—Limitation on Indebtedness*") or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred under clause (5)(II) of the second paragraph of the covenant set forth under "*—Certain covenants—Limitation on Indebtedness*").

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions or Investments that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of such Person) including in respect of anticipated expense and cost reduction synergies, as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness);

(7) Interest on a Lease shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Lease in accordance with IFRS; and

(8) the Fixed Charges of an issuer of Parent Senior Notes that is attributable to Parent Senior Notes shall be added to the Fixed Charges of the Issuer when calculating the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries for any purpose under the Indenture.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; *plus*

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary and other than dividends on any equity interests payable to the Issuer or a Restricted Subsidiary; *plus*

(3) Fixed Charges during such period that would have arisen from the Reserved Indebtedness Amount had such Reserved Indebtedness Amount been incurred as of the date of its classification as a Reserved Indebtedness Amount.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided*, *however*, that the term "*Guarantee*" will not include endorsements for collection or deposit in the ordinary course of business. The term "*Guarantee*" used as a verb has a corresponding meaning.

"*Guarantors*" means the Parent Guarantor, Autodistribution and any additional Guarantor that executes a supplemental indenture in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Notes Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder*" means each Person in whose name the Senior Secured Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any Person of which it is a Subsidiary.

"*IFRS*" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union and in effect on the date hereof, or, with respect to the covenant entitled "*—Certain Covenants—Reports*" as in effect from time to time; *provided* that at any date after the Issue Date, the Issuer may make an irrevocable election to establish that "*IFRS*" shall mean IFRS as in effect from time to time. The Issuer shall give notice of any such election to the Holders.

"*Incur*" means issue, create, assume, enter into any Guarantee of, Incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "*Incurred*" and "*Incurrence*" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "*Incurred*" at the time any funds are borrowed thereunder, *provided* that any rollover utilization that does not increase the amount of Indebtedness (save for an amount equal to the fees associated with such rollover utilization) shall not be construed as the "*Incurrence*" of Indebtedness (without prejudice to the calculation of the amount of Indebtedness outstanding under such facility).

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Leases;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; (the amount of any such Indebtedness being equal to the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) and (b) the amount of such Indebtedness of such other Persons);

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) (a) Contingent Obligations Incurred in the ordinary course of business, (b) obligations under or in respect of Qualified Receivables Financings and (c) accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) in connection with the purchase by the Issuer or any of its Restricted Subsidiaries of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 180 days thereafter;

(3) any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or under any Tax Sharing Agreement;

(4) Subordinated Shareholder Funding;

(5) prepayments of deposits received from clients or customers in the ordinary course of business and Cash Management Services;

(6) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business;

(7) any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(8) deferred or prepaid revenues;

(9) (a) obligations under or in respect of Qualified Receivables Financings and (b) accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(10) non-interest bearing instalment obligations and accrued liabilities Incurred in the ordinary course of business that are not more than 120 days past due;

(11) Indebtedness in respect of the Incurrence by the Issuer or any Restricted Subsidiary of Indebtedness in respect of standby letters of credit, performance bonds or surety bonds provided by the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond;

(12) Indebtedness Incurred by the Issuer or one of the Restricted Subsidiaries in connection with a transaction where (A) such indebtedness is borrowed from a bank or trust company, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or Fitch or "A-3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) immediately prior to the time such transaction is entered into and (B) a substantially concurrent Investment is made by the Issuer or a Restricted Subsidiary in the form of cash deposited with the lender of such indebtedness, or a Subsidiary or Affiliate thereof, in amount equal to such Indebtedness; or

(13) any liability for Taxes.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means any funds or limited partnerships managed or advised by Bain Capital Europe LLP or any of its Affiliates or direct or indirect Subsidiaries or any trust, fund, company or partnership owned, managed or advised by Bain Capital Europe LLP or any of its Affiliates or direct or indirect Subsidiaries or any entity controlled by all or substantially all of the managing directors of such fund or Bain Capital Europe LLP from time to time.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the intercreditor agreement dated as of January 31, 2014, by and among, *inter alios*, the lenders and agents under the Revolving Credit Facility, certain hedge counterparties, the Issuer, U.S. Bank Trustees Limited, as notes trustee (upon accession) for the Senior Secured Notes and U.S. Bank Trustees Limited, as security agent, as amended from time to time;

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under the caption "*—Certain covenants—Limitation on Restricted Payments*."

For purposes of "*—Certain covenants—Limitation on Restricted Payments*":

(1) "*Investment*" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by Japan, Australia, Switzerland, Norway, the United Kingdom, the European Union or any member state of the European Union on the Issue Date or, in each case, any political subdivision, agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB-" or higher from S&P, "Baa3" or higher by Moody's or "BBB-" or higher from Fitch, or the equivalent of such rating by such rating organization or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above, which are collateralized at par or over.

"*Investment Grade Status*" shall occur when all of the Senior Secured Notes receive both of the following:

(1) a rating of "BBB-" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"*IPO Entity*" has the meaning given to it in the definition of "*Initial Public Offering*."

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means , 2020.

"*Issuer*" means Parts Europe S.A.

"*Leases*" means an obligation that is required to be classified and accounted for as a lease (including capital leases, finance leases, operating leases and obligations in connection with Sale and Leaseback Transactions) for financial reporting purposes on the basis of IFRS. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Limited Condition Transaction*" means (1) any Investment or acquisition (whether by merger, amalgamation, consolidation or other business combination or the acquisition of Capital Stock or otherwise and which may include, for the avoidance of doubt, a transaction that may constitute a Change of Control), whose consummation is not conditioned on the availability of, or on obtaining, third party financing, (2) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment, (3) any Restricted Payment requiring irrevocable notice in advance thereof, (4) any Asset Disposition or a disposition excluded from the definition of "*Asset Disposition*" and (5) a Permitted Change of Control.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses Incurred either (i) in the ordinary course of business and consistent with past practice or (ii) in connection with any closing or consolidation of any facility or office;

(2) to fund the purchase of Capital Stock or other equity interests of the Issuer or any Parent; or

(3) (in the case of this clause (3)) not exceeding the greater of €10.0 million and 5.0% of Consolidated EBITDA in the aggregate outstanding at any time.

"*Management Investors*" means (i) members of the management team of the Parent Guarantor, the Issuer or any of its Subsidiaries investing, or committing to invest, directly or indirectly, in the Issuer or any of its Restricted Subsidiaries or Parent from time to time and (ii) any entity that may hold shares transferred by departing members of the management team of the Parent Guarantor, the Issuer or any of its Subsidiaries for future redistribution to the management team. For the avoidance of doubt, "management team" shall include, but not be limited to, any managers, officers and (executive and non- executive) directors of the Parent Guarantor, the Issuer and its Subsidiaries.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition (other than Leases), in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of contingent earn-out payments, attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

"*Offering*" means this offering of Senior Secured Notes.

"*Offering Memorandum*" means this offering memorandum in relation to the Senior Secured Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "*Officer*" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Parent*" means any Person of which the Issuer at any time is or becomes a direct or indirect Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding, directly or indirectly, its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Refinancing;

(5) general corporate overhead expenses and administrative costs, including (a) professional fees and expenses, regulatory costs and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) costs and expenses with respect to the ownership, directly or indirectly, of the Issuer and its Restricted Subsidiaries by any Parent, (c) any Taxes of any Parent to the extent arising from an investment in the equity interests or equity-like interests of such Parent, or shareholder loans extended to or by such Parent, in connection with the Refinancing or another investment in the Issuer and its Restricted Subsidiaries, (d) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent, (e) to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent, and (f) any unsuccessful equity or debt offering, any disposition or acquisition or any investment transaction by the Issuer or any of its Restricted Subsidiaries (or any acquisition of or investment in any business, assets or property that will be contributed to the Issuer or any Restricted Subsidiary as part of the same or a related transaction) permitted by the Indenture;

(6) other fees, expenses and costs (a) relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Refinancing or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed the greater of €3.0 million and 1.5% of Consolidated EBITDA per annum and (b) for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, including in connection with the consummation of the Refinancing which payments are approved in respect of such activities by a majority of the Board of Directors of the Issuer in good faith;

(7) any Taxes, to the extent such Taxes are referable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent referable to the income of such Unrestricted Subsidiaries; *provided*, *however*, that the amount of such payments in any fiscal year do not exceed the amount that the Issuer and its Subsidiaries would be required to pay in respect of such taxes on a consolidated basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries; and

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness:

(a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

(b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Parent Senior Notes*" means senior notes issued by Luxco 6 or the Parent Guarantor (or a finance subsidiary thereof) as "*Senior Unsecured Notes*" under the Intercreditor Agreement or any Additional Intercreditor Agreement and Guaranteed by or otherwise considered Indebtedness of the Issuer or any of its Restricted Subsidiaries.

"*Pari Passu Indebtedness*" means Indebtedness of (i) the Issuer that ranks equally in right of payment with the Senior Secured Notes or (ii) any Guarantor that ranks equally in right of payment with such Guarantor's Notes Guarantee.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Business*" means (a) any businesses, services or activities engaged in by the Issuer or any Restricted Subsidiary on the Issue Date or which is contemplated by the Issuer on the Issue Date and (b) any businesses, services and activities engaged in by the Issuer or any Restricted Subsidiary that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Change of Control*" means any Change of Control that does not constitute a Change of Control Triggering Event.

"*Permitted Change of Control Costs*" means all reasonable fees, costs and expenses incurred or payable by the Issuer (or any direct or indirect parent of the Issuer) or any of its Restricted Subsidiaries in connection with a Permitted Change of Control.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of clauses (3), (4), (5), (6), (8), (9), (11), (12), (14), (18), (20), (23) and (24) of the definition of "*Permitted Liens*" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(b) to secure:

(i) the Senior Secured Notes (other than any Additional Senior Secured Notes permitted to be Incurred under the Indenture);

(ii) Indebtedness or other obligations of the Issuer or a Restricted Subsidiary that are permitted to be Incurred under the first paragraph or clauses (1), (2) (to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(b), (5), (6), (7)(other than with respect to Leases), (11), (13) or (14) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*;" *provided*, that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement; *provided further* that only Liens securing Indebtedness Incurred pursuant to obligations under clauses (1) and (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" may secure obligations on a basis having priority to the Senior Secured Notes and the Guarantors under the Intercreditor Agreement or Additional Intercreditor Agreement, as the case may be;

(iii) on a junior priority basis to the Senior Secured Notes, any Parent Senior Notes solely with respect to the share capital of, and any intercompany receivable from, such Parent Senior Notes issuer's directly owned Subsidiary (or, in the case such Parent Senior Notes are issued by a finance subsidiary of the Parent Guarantor or Luxco 6, the share capital of, and any intercompany receivable from, the Parent Guarantor or Luxco 6's directly owned Subsidiary, as applicable, and such finance subsidiary);

(iv) Subordinated Indebtedness of the Issuer or its Restricted Subsidiaries (including, without limitation, subordinated Guarantees of Parent Senior Notes) or any proceeds loans related to any Parent Senior Notes on a basis junior to the Senior Secured Notes or the Note Guarantees; and

(v) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (iv);

(c) Incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary with respect to obligations that in total do not exceed the greater of €30.0 million and 14.0% of Consolidated EBITDA at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Issuer's or such Restricted Subsidiary's business;

*provided*, that, in the case of clauses (b) and (c) of this definition of "*Permitted Collateral Liens*," each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement.

"*Permitted Holders*" means, collectively, (a) the Initial Investors, (b) the Management Investors, (c) any Related Person of any Persons specified in clauses (a) and (b), (d) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity, and (e) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision (which, for the avoidance of doubt includes any such group that includes a Permitted Holder)) of which any of the foregoing (including any Person or group that becomes a Permitted Holder specified in the last sentence of this definition) are members and any member of such group; *provided,* that in the case of such group and without giving effect to the existence of such group or any other group, Persons referred to in subclauses (a) through (d), collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies held by such group. Any Person or group whose acquisition of beneficial ownership constitutes (i) a Change of Control in respect of which a Change of Control Offer is made or waived in accordance with the requirements of the Indenture or (ii) a Permitted Change of Control, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) if such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments in connection with any Qualified Receivables Financing;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided*, that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €65.0 million and 30.0% of Consolidated EBITDA; *provided*, that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "*Permitted Liens*" or made in connection with Liens permitted under the covenant described under "*—Certain covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of clauses (4), (6) or (14) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Affiliate transactions*";

(15) (a) Guarantees of (i) Indebtedness of the Issuer or its Restricted Subsidiaries and (ii) Indebtedness of any joint venture, in each case permitted to be Incurred by the covenant set forth under "*—Certain covenants—Limitation on Indebtedness*," and (b) (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business; including guarantees of the obligations of, and loans to, franchisees;

(16) Investments in Indebtedness of the Issuer or any of its Restricted Subsidiaries, including under the Revolving Credit Facility, the PGE Loan, the Existing Senior Secured Floating Rate Notes, the Senior Secured Notes and any Additional Senior Secured Notes;

(17) Investments in joint ventures or a Similar Business, taken together with all other Investments made pursuant to this clause (17) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €30.0 million and 14.0% of Consolidated EBITDA; *provided*, that, if an Investment is made pursuant to this clause (17) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant set forth under "*—Certain covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of this definition of "*Permitted Investment*" and not this clause (17); and

(18) Investments in Unrestricted Subsidiaries, taken together with all other Investments made pursuant to this clause (18) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €30.0 million and 14.0% of Consolidated EBITDA; *provided*, that, if an Investment is

made pursuant to this clause (18) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant set forth under "*—Certain covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause (18).

For purposes of determining compliance with this definition, Permitted Investments need not be made solely by reference to one category of Permitted Investments described in this definition but are permitted to be made in part under any combination thereof and of any other available exemption.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of (a) any Restricted Subsidiary that is not a Guarantor permitted by the covenant described under "*—Certain covenants—Limitation on Indebtedness*" or (b) the Issuer or a Guarantor; *provided* that such Restricted Subsidiary that is not a Guarantor is not required to Guarantee the Senior Secured Notes pursuant to the covenant described under "*—Certain covenants—Additional Guarantees*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business, and Liens to secure Cash Management Services or to implement cash pooling arrangements or to cash collateralize letters of credit or similar instruments in the ordinary course of business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary (other than Collateral) securing Hedging Obligations permitted under the Indenture and relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Leases or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided*, that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the covenant described above under "*—Certain covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from New York Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary), including Liens created, Incurred or assumed in connection with, or in contemplation of such acquisition or transaction; *provided* that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture (other than Indebtedness that was previously secured pursuant to clause (29) below); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent

such cash or government securities prefund the payment of interest on such Indebtedness and are held in one or more escrow accounts or similar arrangements to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) any security granted over the marketable securities portfolio described in clause (9) of the definition of "*Cash Equivalents*" in connection with the disposal thereof to a third party;

(27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(28) (a) Liens created for the benefit of or to secure, directly or indirectly, the Senior Secured Notes and the Existing Senior Secured Floating Rate Notes, collectively, (b) Liens pursuant to the Intercreditor Agreement, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Senior Secured Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement and (d) Liens to secure Indebtedness (including the Revolving Credit Facility and the PGE Loan) where the granting of an equal and ratable (or prior) Lien on such property or assets to secure the Senior Secured Notes would be inconsistent with the Agreed Security Principles;

(29) other Liens; *provided* that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (29) does not exceed the greater of €20.0 million and 9.0% of Consolidated EBITDA;

(30) (a) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary; (b) Liens over cash paid into an escrow account to fund an acquisition or pay related fees and expenses pending the closing of such acquisition by the Issuer or any Restricted Subsidiary; and (c) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement or deferred consideration in connection with the acquisition by the Issuer or any Restricted Subsidiary; and

(31) Liens on rights under any loan or other instrument lending or contributing the proceeds of Indebtedness Incurred by the Issuer or another Person to one or more Guarantors in favor of the third-party creditors in respect of such Indebtedness.

For purposes of determining compliance with this definition, Liens need not be incurred solely by reference to one category of Permitted Liens described in this definition but are permitted to be incurred in part under any combination thereof and of any other available exemption.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Issuer or any of its Restricted Subsidiaries (a "*Reorganization*") that is made on a solvent basis; *provided* that: (a) any payments or assets distributed in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries; and (b) if any shares or other assets form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*PGE Loan*" means the €25.0 million super senior liquidity facility established pursuant to the liquidity facility agreement dated as of July 1, 2020, among, *inter alios*, the Issuer, BNP Paribas and Société Générale, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €40.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (b) any other Person, or may grant a security interest in any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions or invoice discounting involving accounts receivable, asset securitizations and invoice discounting facilities, and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable. The grant of a security interest in any accounts receivable of the Issuer or a Restricted Subsidiary (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility (other than receivables financing) or Indebtedness in respect of the Senior Secured Notes shall not be deemed a Qualified Receivables Financing.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*Receivables Assets*" means any assets (including receivables pursuant to CICE) that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard

Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any material contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing*" means this Offering and the application of the proceeds therefrom, as described in more detail in this Offering Memorandum under "*Use of proceeds*."

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary), including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Stated Maturity of the Senior Secured Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Senior Secured Notes, such Refinancing Indebtedness is subordinated to the Senior Secured Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

*provided further*, however, that Refinancing Indebtedness shall not include (i) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor. Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

(e) having made any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain covenants—Limitation on Restricted Payments*."

"*Replacement Assets*" means properties and assets that replace the properties and assets that were the subject of an Asset Disposition or properties and assets that will be used in the Issuer's business or in that of the Restricted Subsidiaries as of the Issue Date or any and all other businesses that in the good faith judgment of the Board of Directors or any member of Senior Management of the Issuer are related thereto.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the senior secured revolving credit facility established pursuant to the revolving facility agreement, dated as of November 12, 2015, by and among, *inter alios*, the Issuer, the Guarantors, J.P. Morgan Limited, as mandated lead arranger, the senior lenders (as named therein), J.P. Morgan Europe Limited, Credit Suisse International and BNP Paribas S.A., as mandated lead arrangers, the original lenders (as named therein), the agent (as named therein) and U.S. Bank Trustee Limited, as security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*S&P*" means Standard & Poor's Ratings Services, a division of S&P Global, Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Sale and Lease-Back Transaction*" means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Senior Management*" means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, "*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is Incurred under the first paragraph or clauses (1), (4)(a), (4)(b), 4(c), (5), (7) (other than with respect to Leases), (11) or (13) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect thereof, in each case secured by a Lien on the Collateral that is at least *pari passu* with the Liens securing the Senior Secured Notes under the Indenture.

"*Senior Secured Notes Documents*" means the Senior Secured Notes (including Additional Senior Secured Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which are reasonably customary in securitization of Receivables transactions.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*—Change of Control*" and the covenant under "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Senior Secured Notes or any Notes Guarantee pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds directly or indirectly provided to the Issuer by any Parent or any Permitted Holder, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Senior Secured Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Senior Secured Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Senior Secured Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Senior Secured Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Senior Secured Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Senior Secured Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Senior Secured Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "*Shareholder Liabilities*" (as defined therein) *mutatis mutandis*.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Subsidiary Guarantor*" means any Guarantor that is a Subsidiary of the Issuer.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority, and "*Tax*" shall be construed accordingly.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Issuer and/or any of its Subsidiaries and any Parent in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent to enable a Parent to compensate the Issuer or such Subsidiary for losses Incurred which may need to be compensated by a Parent under any profit and loss pooling agreement).

"*Temporary Cash Investments*" means any of the following:

(1) any investment in:

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any member state of the European Union, (iii) the United Kingdom, Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P, "A" by Fitch or "A-1" by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in clause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or Fitch or "A-3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, the United Kingdom, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250.0 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or Fitch or "A3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "—*Certain covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under "—*Certain covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary of the Issuer, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

## BOOK-ENTRY, DELIVERY AND FORM

### General

Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A (the "Rule 144A Notes") under the U.S. Securities Act will be represented by one or more global Notes in registered form without interest coupons attached (collectively, the "Rule 144A Global Notes"). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the "Common Depositary") for the accounts of Euroclear, and Clearstream and registered in the name of the nominee of the Common Depositary.

Notes sold outside the United States in reliance on Regulation S (the "Regulation S Notes") under the U.S. Securities Act will be represented by one or more global Notes in registered form without interest coupons attached (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the Common Depositary.

Ownership of interests in the Rule 144A Global Notes (the "Restricted Book-Entry Interests") and in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the Restricted Book-Entry Interests, the "Book-Entry Interests") will be limited to persons who have accounts with Euroclear and/or Clearstream, or persons who hold interests through such participants or otherwise in accordance with applicable transfer restrictions set forth in the Indenture and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of the Notes under the Indenture.

Neither we nor the Trustee nor any of our or its respective agents and neither the Paying Agent, the Registrar, nor the Transfer Agent will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

### Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies us that it is unwilling or unable to continue as depositary for the Global Notes, and we fail to appoint a successor;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Transfer restrictions*," unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Registrar and the Transfer Agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1 in excess thereof will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a transfer agent, we will issue and the Trustee (or its appointed agent) will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and us to protect us, the Trustee, the Paying Agent and the Registrar appointed pursuant to the Indenture from any loss that any of them may suffer if a Definitive Registered Note is replaced. We may charge for the expenses of replacing a Definitive Registered Note.

If any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we in our discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer restrictions*."

**Redemption of the Global Notes**

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominees), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or the Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under existing practices of Euroclear and Clearstream, if fewer than all the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

**Payments on Global Notes**

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Paying Agent, which will in turn make such payments to the Common Depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Senior Secured Notes—Withholding taxes*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Senior Secured Notes—Withholding taxes*," we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book- Entry Interests held through such participants.

Under the terms of the Indenture, we and the Trustee, the Registrar, the Transfer Agent and the Paying Agent will treat the registered holders of the Global Notes (i.e., Euroclear or Clearstream (or their respective nominees)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee, the Registrar, the Transfer Agent or the Paying Agent or any of our or their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book- Entry Interest;
- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

**Currency of payment for the Global Notes**

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of the Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither we nor the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor the Initial Purchasers nor any of our or their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

**Action by owners of Book-Entry Interests**

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes, reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to its participants.

**Transfers**

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Transfer restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed in "*Transfer restrictions*."

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Transfer restrictions*."

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the U.S. Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor or a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in Global Notes only as described under "*Description of the Senior Secured Notes—Transfer and exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer restrictions*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Application will be made to the Authority to list the Notes represented by the Global Notes on the Official List of the Exchange. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Paying Agent or any of our or their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

**Global clearance and settlement under the book-entry system**

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. Neither we nor the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor the Initial Purchasers nor any of our or their respective agents will be liable or will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

***Initial settlement***

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form.

Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

***Secondary market trading***

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

***Special timing considerations***

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or in Brussels if Euroclear is used.

**Clearing information**

We expect that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common codes for the Notes are set forth under "*Listing and general information—Clearing information*."

***Information concerning Euroclear and Clearstream***

The following description of the operations and procedures of Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. None of us, the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor the Initial Purchasers, nor any of our or their respective agents take any responsibility for these operations and procedures and we urge investors to contact the systems or their participants directly to discuss these matters.

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream also interface with domestic securities markets in several countries. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Since Euroclear and Clearstream only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take action in respect of such interest, may be limited by the lack of a definite certificate for that interest. We understand that, under existing industry practices, if either the Issuer or the Trustee requests any action by owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give or take any action that a holder is entitled to give or take under the Indenture, Euroclear and Clearstream would authorize participants owning the relevant Book-Entry Interest to give or take such action, and such participants would authorize indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

## TAX CONSIDERATIONS

### Certain French tax considerations

Except where specifically stated below, the following is a summary of certain material French tax considerations relating to the purchase, ownership and disposal of the Notes by a holder of the Notes who (i) is not a French resident for French tax purposes (ii) does not hold the Notes in connection with a business or profession conducted in France, or a permanent establishment or a fixed base situated in France and (iii) who is neither a shareholder of the Issuers nor a related party of the Issuers within the meaning of Article 39, 12 of the French Tax Code.

This summary is based on the French tax laws and regulations, as currently in effect and applied by the French tax authorities, all of which are subject to change, possibly with retroactive effect, or to different interpretations.

This summary is for general information only and does not purport to be a comprehensive description of all of the French tax considerations that may be relevant to specific holders in light of their particular circumstances. Furthermore, this summary does not address any French estate or gift tax considerations.

Prospective investors in the Notes are urged to consult their own professional tax advisors as to the French tax consequences of purchasing, owning and disposing of the Notes in light of their particular circumstances.

In addition, Article 1649 AC of the French Tax Code imposes on financial institutions within the meaning of Article 1 of Decree n°2016-1683 to review and collect information on their clients and investors, in order to identify their tax residence, as well as to provide certain account information to relevant foreign tax authorities (via the French tax authorities) on an annual basis.

#### *Payments of interest and other revenues with respect to the Notes*

Payments of interest and assimilated revenues made by a debtor that is established in France with respect to a particular debt (including debt in the form of notes such as the Notes) are not subject to the withholding tax set forth under Article 125 A, III of the French Tax Code unless such payments are made outside France in certain non-cooperative States or territories (*Etats ou territoires non coopératifs*) within the meaning of Article 238-0 A of the French Tax Code (a "Non-Cooperative State"). If such payments are made in a Non-Cooperative State other than those mentioned in Article 238-0 A, 2 bis-2° of the same code, a 75% withholding tax is applicable (subject to certain exceptions, certain of which are set forth below and to the more favorable provisions of any applicable double tax treaty). The 75% withholding tax is applicable irrespective of the noteholder's tax residence or registered headquarters. The list of Non-Cooperative States is, in principle, updated each year. See "*Risk Factors—Risks Related to our business—The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.*"

Furthermore, according to Article 238 A of the French Tax Code, interest on debt and other assimilated revenues paid by a debtor or an issuer of notes that is established in France may not be deductible from the debtor's or the issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in such a Non-Cooperative State within the meaning of Article 238-0 A of the French Tax Code. Under certain conditions, any such non-deductible interest and other assimilated revenues may be recharacterized as deemed dividends pursuant to Article 109 *et seq*. of the French Tax Code, in which case it may be subject to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code, at a rate of (i) 75% if they are paid on an account opened in a financial institution located in a Non-Cooperative State other than those mentioned in Article 238-0 A, 2 bis-2° of the same code, (ii) 28% if they are paid to non-French tax resident corporate or other legal entities (it being noted that according to the French Finance Law for 2020 such withholding tax rate shall vary in line with the reduction of the common rate of French corporate income tax provided for by Article 219 I of the French tax Code for fiscal years beginning as from January 1, 2020) or (iii) 12.8% in cases where the holder is a non-French tax resident individual, in each case subject to the more favorable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A, III of the French Tax Code nor, to the extent the relevant interest and other assimilated revenues relate to genuine transactions and is not in an abnormal or exaggerated amount, the non-deductibility set out under Article 238 A of the French Tax Code and the related withholding tax set out under Article 119 *bis* 2 of the French Tax Code which may be levied as a consequence of such non-deductibility, will apply in respect of a particular issue of debt instruments (including debt in the form of notes such as the Notes) provided that the debtor or the issuer can prove that the main purpose and effect of such issuance is not to enable payments of interest or other assimilated revenues to be made in a Non-Cooperative State (the "Exception").

Pursuant to French administrative guidelines in the *Bulletin Officiel des Finances Publiques-Impôts* referenced as BOI-INT-DG-20-50-20140211 no 550 and 990 (the "Administrative Guidelines"), an issue of notes benefits from the Exception without the issuer having to provide any evidence supporting the main purpose and effect of such issuance of notes, and accordingly will be able to automatically benefit from the Exception (the "Safe Harbor"), if such notes are:

- offered by means of a public offer within the meaning of Article L.411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State that is not a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- admitted to trading on a French or foreign regulated market or a multilateral securities trading system, provided that such market or system is not located in a Non-Cooperative State and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- admitted, at the time of their issue, to the operations of a central depositary or of a securities settlement system manager within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State.

The Notes qualify as debt securities under French commercial law. Considering that (i) as of the date of their admission to trading, the Notes will be admitted to trading on the Official List of the Exchange, which is a regulated market or a multilateral securities trading system not located in a Non-Cooperative State, and that such market is operated by a market operator that is not located in a Non-Cooperative State, and/or (ii) at the time of their issue, the Notes will be admitted to the clearing operations of Euroclear and Clearstream, both securities settlement systems managers within the meaning of Article L. 561 2 of the French Monetary and Financial Code which are not located in a Non-Cooperative State, payments of interest and other revenue in respect of the Notes made by or on behalf of the Issuer to the holders of the Notes will fall under the Safe Harbor.

Accordingly, payments of interest and other assimilated revenues with respect to the Notes will be exempt from the withholding tax set forth under Article 125 A, III of the French Tax Code. Moreover, under the same conditions and to the extent that the relevant interest and other assimilated revenues relating to genuine transactions and are not in an abnormal or exaggerated amount, they will be subject neither to the non-deductibility set forth under Article 238 A nor to the withholding tax set forth under Article 119 *bis*, 2 of the French Tax Code solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in such a Non-Cooperative State.

***Withholding tax applicable to French tax resident individuals***

Pursuant to Article 125 A of the French Tax Code (i.e., where the paying agent (*établissement payeur*) is located in France), subject to certain exceptions, interest received by French tax resident individuals is subject to a 12.8% levy withheld at source, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied at source at an aggregate rate of 17.2% on interest paid to French tax resident individuals. Holders of Notes who are French tax resident individuals are urged to consult their usual tax advisor where the paying agent is not located in France.

***Taxation on disposal***

Pursuant to Article 244 bis C of the French Tax Code, a Noteholder who is not a resident of France for French tax purposes and who does not hold the Notes in connection with a permanent establishment or a fixed place of business in France should not be subject to any income or withholding taxes in France in respect of the gains realized on the sale, exchange or disposal of the Notes.

*Transfer tax*

No transfer taxes or similar duties are payable in France in connection with the transfer (sale, disposal, or redemption) of Notes, provided that such transfers are not recorded in a deed registered with the French tax authorities and that the FTT does not become applicable and except in the case of filing with the French tax authorities on a voluntary basis.

**Certain general tax considerations—payments by a Guarantor**

If a Guarantor makes any payment in respect of the Notes, it is possible that such payments may be subject to withholding tax at applicable rates, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

**Certain U.S. federal income tax considerations**

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This summary is limited to consequences relevant to a U.S. holder (as defined below), except for the discussion under "—*Foreign Account Tax Compliance Act*," and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This summary deals only with Notes that are held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), by a U.S. holder who acquires Notes upon original issuance at their "issue price" (the first price at which a substantial amount of the Notes of a series is sold to investors for cash, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

For purposes of this discussion, a "U.S. holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury Regulations (the "Treasury Regulations") to be treated as a U.S. person.

This summary is based upon the tax laws of the United States, including provisions of the Code, the Treasury Regulations, judicial authority, published administrative positions of the U.S. Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date of this Offering Memorandum, all of which are subject to change at any time. Changes in such rules, or new interpretations thereof, may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. We have not sought and will not seek any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the IRS or a court will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation. A different tax treatment of the purchase, ownership or disposition of the Notes from those discussed below could adversely affect the amount, timing and character of income, gain or loss in respect of an investment in the Notes.

This summary is general in nature and does not purport to address all aspects of U.S. federal taxation or all tax considerations that may be relevant to a U.S. holder in light of its particular circumstances. In addition, it does not address the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws. For example, this summary does not address:

- tax consequences to holders of the Existing Senior Secured Fixed Rate Notes;
- tax consequences to holders who are dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, banks, financial institutions, individual retirement and other tax-deferred accounts, regulated investment companies, real estate investment trusts, S corporations, partnerships or other pass-through entities and investors in such entities, tax-exempt entities or insurance companies;

- tax consequences to persons holding the Notes as part of a hedging, integrated, constructive sale or conversion transaction, or a straddle;
- tax consequences to a U.S. holder whose "functional currency" is not the U.S. dollar;
- tax consequences to U.S. expatriates or expatriated entities;
- tax consequences to persons who are not U.S. holders;
- persons who are resident in France or any other jurisdiction other than the United States or who have a taxable presence therein;
- persons who actually or constructively own more than 10% of our stock (by vote or value);
- alternative minimum tax consequences and tax consequences of the 3.8% Medicare tax on net investment income or the base erosion and anti-abuse tax consequences under Section 59A of the Code;
- persons subject to special tax accounting rules as a result of gross income with respect to the Notes being taken into account in an "applicable financial statement" (within the meaning of Section 451 of the Code); or
- any state, local or non-U.S. tax consequences.

If an entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. If you are a partnership considering an investment in the Notes, or a partner in such a partnership, you should consult your own tax advisor regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

The following discussion of certain U.S. federal income tax considerations is for informational purposes only and is not a substitute for careful tax planning and advice. If you are considering the purchase of the Notes, you should consult your own tax advisor concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under any other tax laws, under the laws of any other taxing jurisdiction or due to changes in tax law.

This summary assumes that the Notes will be treated as indebtedness for U.S. federal income tax purposes.

***IPO Pushdown***

Under certain circumstances, we may undertake an IPO Pushdown (as described under "*Description of the Notes—IPO Pushdown"*), pursuant to which the Issuer is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things the Issuer (and all related provisions) will now refer to the IPO Pushdown Entity and its Restricted Subsidiaries. In such event, each holding company of the IPO Pushdown Entity would be released from its obligations under the indenture governing the Notes. Such a modification to the terms of the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of (i) the Notes as in place prior to such modifications for (ii) new Notes as in place after such modifications ("New Notes"). If such modifications resulted in a deemed exchange, such a deemed exchange could be treated as a taxable transaction for U.S. federal income tax purposes in which certain beneficial owners of the Notes could be required to recognize gain or loss. The amount of any gain or loss recognized upon such a deemed exchange of a Note for a New Note would be determined by reference to the "issue price" of the New Note. The issue price of a New Note will equal the fair market value of such Note or such New Note at the time of the deemed exchange if, as seems likely, such Note or such New Note were considered "publicly traded" for U.S. federal income tax purposes. If the IPO Pushdown is treated as a taxable transaction for U.S. federal income tax purposes, a U.S. holder's holding period in a New Note treated as received in the IPO Pushdown generally will commence on the day after the IPO Pushdown, and tax basis in such New Note would generally equal the issue price of such New Note. Generally, any gain or loss recognized as a result of such deemed exchange will be taxed under the rules described below under "*—Sale, Exchange or Other Disposition of a Note*." If the issue price of such New Note is less than its stated redemption price at maturity by more than a *de minimis* amount, such New Note will be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes. In such event, U.S. holders would be required to include that original issue discount in their income as it accrues, in advance of the receipt of cash corresponding to such income. U.S. holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to modification of the Notes in connection with the IPO Debt Pushdown, including the U.S. federal income tax considerations of a deemed exchange and resulting OID, if any.

### *Characterization of the Notes*

We may be required to pay additional amounts if certain taxes are withheld or deducted from payments on the Notes (as described under "*Description of the Senior Secured Notes—Withholding taxes*") or make additional payments in redemption of the Notes in addition to their stated principal amount and accrued interest (as described under "*Description of the Senior Secured Notes—Change of Control*"). Although the issue is not free from doubt, we intend to treat the possibility of paying such additional amounts, or making additional payments in redemption of the Notes, as not resulting in the Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position will be based in part on our determination that, as of the date of the issuance of the Notes, the possibility that additional amounts will have to be paid is a remote or incidental contingency within the meaning of the applicable Treasury Regulations.

Our determination that the Notes are not contingent payment debt instruments is binding on a U.S. holder, unless the U.S. holder explicitly discloses to the IRS on its tax return for the year during which such U.S. holder acquires the Notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, a U.S. holder may be required to accrue interest income on its Notes based upon a comparable yield, regardless of its method of accounting. The "comparable yield" is the yield at which we would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions otherwise similar to those of the Notes. In addition, any gain on the sale, exchange, redemption or other taxable disposition of the Notes generally would be recharacterized as ordinary income. Each U.S. holder should consult its own tax advisor regarding the tax consequences of the Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

### *Interest*

Interest on the Notes (including any non-U.S. taxes withheld from payments thereof and any additional amounts paid in respect of such withholding taxes) generally will be taxable to a U.S. holder as ordinary income at the time it is received or accrued, in accordance with the U.S. holder's method of accounting for U.S. federal income tax purposes.

The amount of income recognized by a cash basis U.S. holder that receives an interest payment in foreign currency will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. holder may determine the amount of income recognized with respect to an interest payment denominated in foreign currency in accordance with either of two methods. Under the first method, the amount of interest income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. holder, the part of the period within the taxable year).

Under the second method, the U.S. holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and will be irrevocable without the consent of the IRS.

Whether or not such election is made, upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in foreign currency, an accrual basis U.S. holder will recognize exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the exchange rate on the date of receipt) in respect of an accrual period and the amount previously accrued during such accrual period (as described above), regardless of whether the payment is in fact converted into U.S. dollars. Such gain or loss generally will constitute U.S. source gain or loss.

### *Original Issue Discount*

The Notes will be treated as having been issued with OID for U.S. federal income tax purposes if the issue price of the Notes is less than their stated principal amount by an amount greater than or equal to a statutorily defined de minimis amount (1/4 of 1 percent of the principal amount of the Notes multiplied by the number of complete years to maturity from their original issue date).

If the Notes are issued with OID, then, in addition to the stated interest on a Note, a U.S. holder (whether a cash or accrual method taxpayer) will be required to include in gross income (as ordinary income) any OID as it accrues on a constant yield to maturity basis, before the holder's receipt of cash payments attributable to this income. The amount of OID, if any, includible in gross income for a taxable year will be the sum of the daily portions of OID with respect to the Note for each day during that taxable year on which the U.S. holder holds the Note. Generally, the daily portion is determined by allocating to each day in an "accrual period" (other than the initial short accrual period and the final accrual period) a pro rata portion of the OID allocable to that accrual period. The OID allocable to any accrual period will equal (a) the product of the "adjusted issue price" of the Note as of the beginning of such accrual period and the Note's "yield to maturity" (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the stated interest on the Notes allocable to the accrual period. The "yield to maturity" is the discount rate that, when applied to all payments under a Note as of its issue date, results in a present value equal to the Note's issue price. The amount of OID allocable to any initial short accrual period generally may be computed under any reasonable method. The amount of OID allocable to the final accrual period is the difference between the stated principal amount of the Note and the adjusted issue price of the Note at the beginning of the final accrual period. The "adjusted issue price" of a Note as of the beginning of any accrual period generally will equal its issue price, increased by previously accrued OID. Under these rules, a U.S. holder of a Note generally will be required to include in income increasingly greater amounts of OID in successive accrual periods. A U.S. holder may irrevocably elect, subject to certain limitations, to treat all interest on any Note as OID and calculate the amount includible in gross income under the method described above. The election must be made for the taxable year in which the U.S. holder acquires the Note and may not be revoked without the consent of the IRS. U.S. holders should consult their own tax advisors about this election. A U.S. holder of Notes must (i) determine OID allocable to each accrual period in euro using the constant yield method described above, and (ii) translate the amount into U.S. dollars in accordance with either of the two alternative methods described above under "—*Payments of Interest*.".

A U.S. holder will recognize foreign currency exchange gain or loss when an amount attributable to accrued OID is paid (including, upon the disposition of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the foreign currency payment received, determined based on the spot rate on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. For these purposes, all receipts on an Additional Note other than stated interest will be viewed first, as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and second, as receipts of principal. Exchange gain or loss will be treated as ordinary income or loss, generally will be treated as U.S. source and generally will not be treated as an adjustment to interest income or expense.

***Foreign tax credit***

A U.S. holder may be entitled to deduct or credit foreign taxes, if any, imposed on interest and accrued OID (including additional amounts), subject to certain limitations (including that the election to deduct or credit taxes applies to all of such U.S. holder's other applicable foreign taxes for a particular tax year). Interest and accrued OID on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid by a U.S. holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. There are significant complex limitations on a U.S. holder's ability to claim foreign tax credits. The rules governing the calculation of foreign tax credits are complex and depend on a U.S. holder's particular circumstances. U.S. holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

***Sale, exchange, retirement, redemption or other taxable disposition of the Notes***

If a U.S. holder sells or exchanges a Note, or if a Note that a U.S. holder holds is retired, such holder generally will recognize gain or loss equal to the difference between the amount such holder realizes on the transaction (less any amount attributable to accrued but unpaid interest that such holder has not previously included in income, which amount will be taxable as interest income to the extent not previously included in income) and such holder's adjusted tax basis in the Note. The adjusted tax basis of a Note to a U.S. holder will generally be the U.S. dollar value of the euro purchase price calculated at the spot rate of exchange on the date of purchase increased by any previously accrued OID. If a U.S. holder receives foreign currency on such a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency based on the spot rate on the date of disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. holders with regard to the sale or other disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognize exchange gain or loss to the extent that there are exchange rate fluctuations between the sale date and the settlement date, and such gain or loss generally will constitute ordinary income or loss.

Except as discussed below with respect to foreign currency exchange gain or loss, any gain or loss that a U.S. holder recognizes on the sale, exchange or retirement of a Note generally will be U.S.-source capital gain or loss, and generally will be long-term capital gain or loss if such holder has held the Note for more than one year on the date of disposition. Long-term capital gains of non-corporate U.S. holders (including individuals) generally are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Gain or loss realized upon the sale, exchange, redemption, retirement or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be treated as U.S. source income or loss, respectively, and generally will be treated as ordinary income or loss and not be treated as interest income or expense. For these purposes, the "principal amount" of a Note is the U.S. holder's foreign currency purchase price of the Note. Gain or loss attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will equal the difference, if any, between (i) the U.S. dollar value of the principal amount of the Note, determined at the spot rate on the date the U.S. holder disposes of the Note and (ii) the U.S. dollar value of the principal amount of the Note, determined at the spot rate on the date the U.S. holder purchased such Note. In addition, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder may realize exchange gain or loss attributable to amounts received with respect to accrued interest, and accrued OID, if any, which will be treated as discussed under " *—Interest*." *or* " *—Original Issue Discount,*" as applicable. However, upon a sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder generally will realize any foreign currency exchange gain or loss (including with respect to principal amount and accrued interest) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

***Disposition of foreign currency***

Foreign currency received as interest on a Note or on the sale, exchange, redemption or retirement of a Note will have a tax basis equal to the U.S. dollar value at the time the foreign currency is received or at the time such proceeds from disposition are received. The amount of gain or loss recognized by a U.S. holder on the sale or other disposition of such foreign currency for U.S. dollars will be equal to the difference between (1) the amount of U.S. dollars and (2) the U.S. holder's adjusted tax basis in such foreign currency. Upon any subsequent exchange of such foreign currency for property, a U.S. holder generally will recognize exchange gain or loss equal to the difference between (1) the U.S. dollar value of such foreign currency paid for such property based on the spot rate of exchange for such foreign currency on the date of the exchange and (2) the U.S. holder's tax basis in the foreign currency so exchanged. As discussed above, if the Notes are traded on an established securities market, a cash basis U.S. holder (or an electing accrual basis U.S. holder) will determine the U.S. dollar value of the foreign currency by translating the foreign currency received at the spot rate of exchange on the settlement date of the purchase or the disposition. A U.S. holder that purchases a Note with previously owned foreign currency will generally recognize gain or loss in an amount equal to the difference, if any, between such U.S. holder's adjusted tax basis in such foreign currency and the U.S. dollar fair market value of such note on the date of purchase. Any gain or loss recognized on a sale or other disposition of foreign currency (including their use to purchase Notes or upon exchange for U.S. dollars) generally will be U.S. source ordinary income or loss.

***Tax return disclosure requirements***

Treasury Regulations issued under the Code meant to require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount (e.g., $50,000 in the case of an individual or a trust), such as the receipt or accrual of interest or a sale, exchange, retirement or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Certain U.S. holders who own "specified foreign financial assets" with an aggregate value exceeding certain threshold amounts, generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in a financial account at certain financial institutions.

U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for noncompliance

***Backup withholding and information reporting***

In general, information reporting requirements will apply to payments of principal and stated interest on the Notes, the accrual of OID, and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient (such as a corporation), and, when required, provides evidence of such exemption. The payor (which may be us or an intermediate payor) will be required to impose backup withholding, currently at a rate of 24%, on such payments if: (i) the U.S. holder fails to furnish an accurate taxpayer identification number or to establish an exemption from backup withholding; (ii) the IRS notifies the payor that the taxpayer identification number furnished by the U.S. holder is incorrect; (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code; or (iv) the U.S. holder has not certified under penalties of perjury that it has furnished a correct taxpayer identification number, that it is a U.S. person, and that the IRS has not notified such U.S. holder that it is subject to backup withholding under the Code.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder's U.S. federal income tax liability. A U.S. holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information.

***Foreign Account Tax Compliance Act***

Sections 1471 through 1474 of the Code ("FATCA") generally impose a 30% withholding tax on interest income (including accrued OID) paid on a debt obligation if such interest income is treated as a "foreign passthru payment" attributable to certain U.S. source payments. However, under proposed U.S. Treasury regulations issued in December 2018 (and upon which taxpayers may rely until final regulations are issued), such withholding does not apply to any "foreign passthru payment" that is made before the date that is two years after the date on which applicable final U.S. Treasury regulations defining "foreign passthru payments" are issued. Additionally, obligations issued on or prior to the date that is six months after the date on which applicable final Treasury Regulations defining "foreign passthru payments" are issued generally would be "grandfathered" unless such obligations are materially modified more than six months after such date. As of the date of this Offering Memorandum, applicable final Treasury Regulations have not yet been filed. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Non-U.S. governments have entered into, and others are expected to enter into, intergovernmental agreements with the United States to implement FATCA in a manner that alters the rules described herein. U.S. holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there generally will be no additional amounts payable to compensate for the withheld amount.

**Certain Luxembourg tax considerations**

The following is a summary of certain material Luxembourg tax consequences of purchasing, owning and disposing of the Notes. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or dispose of the Notes. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it construed to be, legal or tax advice. This summary does not allow any conclusion to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based on the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of this Offering Memorandum. These laws and interpretations are subject to change that may occur after such date, even with retroactive or retrospective effect.

Prospective purchasers of the Notes should consult their own tax advisors as to the particular tax consequences of subscribing, purchasing, holding and disposing the Notes, including the application and effect of any federal, state or local taxes under the tax laws of the Grand Duchy of Luxembourg and each country of which they are residents or citizens.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) and personal income tax (*impôt sur le revenu des personnes physiques*). A corporate taxpayer may further be subject to net wealth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge, invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and to the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

***Luxembourg taxation of non-resident holders***

Holders of the Notes will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of the holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

Subject to FATCA described above, under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, or on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Non-resident holders of Notes not having a permanent establishment or a permanent representative with whom the holding of the Notes are connected are not subject to any other taxation in relation with the Notes.

Non-resident holders of Notes having a permanent establishment or a permanent representative in Luxembourg with whom the holding of the Notes are connected are liable to pay Luxembourg income tax on any interest received or accrued, as well as any reimbursement premium received at maturity and any capital gain realized on the sale or disposal, in any form whatsoever, of the Notes and must include this income in their taxable income for Luxembourg tax assessment purposes.

***Luxembourg taxation of Luxembourg resident holders***

*Luxembourg resident individuals*

Subject to the discussion of FATCA contained herein, under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident corporate holder of Notes by the Issuer or the Guarantors.

Under the law of December 23, 2005, as amended (the "Relibi Law"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial holder who is resident of Luxembourg will be subject to a withholding tax of 20%. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law would be subject to withholding tax of 20%.

An individual holder of Notes may also opt for the application of a 20% tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest on the Notes has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a member state of the European Economic Area (other than an EU Member State). The option for this levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year. The Luxembourg resident individual who is the beneficial owner of interest is responsible for the declaration and the payment of such final levy.

An individual Luxembourg holder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts under the Notes, except if a final withholding tax has been levied on such payments in accordance with the Relibi Law.

Under Luxembourg domestic tax law, gains realized upon the sale, disposal or redemption of the Notes by a Luxembourg holder, who is a resident of Luxembourg for tax purposes and who acts in the course of the management of his/her private wealth, are not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the acquisition of the Notes and the Notes do not constitute zero coupon notes.

An individual Luxembourg holder, who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes, must further include the portion of the gain corresponding to accrued but unpaid interest income in respect of the Notes in his/ her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement, except if a final withholding tax or levy has been levied in accordance with the Relibi Law.

Luxembourg resident individual holders acting in the course of the management of a professional or business undertaking to which the Notes are attributable, must include any interest received or accrued, as well as any gain realized on the sale or disposal of the Notes, in any form whatsoever, in their taxable income for Luxembourg income tax and municipal business tax assessment purposes. Taxable gains are defined as the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

*Luxembourg resident companies*

Luxembourg corporate holders must include any payments, on the Notes received from the Issuer or the Guarantor (except repayments of nominal), as well as any gain realized on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax and municipal business tax assessment purposes. Taxable gains are defined as the difference between the sale, repurchase or redemption price (including but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

*Luxembourg resident companies benefiting from a special tax regime*

Luxembourg holders who benefit from a special tax regime, such as, for example, undertakings for collective investment subject to the amended law of December 17, 2010, specialized investment funds governed by the amended law of February 13, 2007, family wealth management companies governed by the amended law of May 11, 2007, or reserved alternative investment fund treated as specialized investment funds for Luxembourg tax purposes governed by the amended law of July 23, 2016 are exempt from income taxes in Luxembourg and thus income derived from the Notes as well as gains realized thereon, are not subject to income taxes.

***Net wealth tax***

Luxembourg resident holders and non-resident holders who have a permanent establishment or a permanent representative in Luxembourg to which or to whom the Notes are attributable, are subject to Luxembourg net wealth tax on such Notes, except if the holder is (i) an individual, (ii) an undertaking for collective investment subject to the amended law of December 17, 2010, (iii), a securitization company governed by the amended law of March 22, 2004, (iv) a company governed by the amended law of June 15, 2004, on venture capital vehicles, (v) a specialized investment fund governed by the amended law of February 13, 2007, (vi) a family wealth management company governed by the amended law of May 11, 2007, (vii) a professional pension institution governed by the amended law of July 13, 2005 and (viii) a reserved alternative investment fund vehicle governed by the amended law of July 23, 2016.

However, (i) a Luxembourg resident securitization company governed by the amended law of March 22, 2004, on securitization, (ii) a professional pension institution governed by the amended law of July 13, 2005, (iii) a reserved alternative investment fund vehicle (opting for the treatment as a venture capital vehicle) governed by the amended law of July 23, 2016, and (iv) and a Luxembourg resident company governed by the amended law of June 15, 2004, on venture capital vehicles shall be subject to the minimum net wealth tax ("MNWT") charge according to the amended law of October 16, 1934, on net wealth tax.

The MNWT levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, transferable securities, such as the Notes, and cash at bank exceeds 90% of their total gross assets and €350,000, the MNWT is set at €4,815. For all other companies having their statutory seat or central administration in Luxembourg which do not fall within the scope of the €4,815 MNWT, the MNWT ranges from €535 to €32,100, depending on the company's total gross assets.

*Other taxes*

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Notes (except in the case of voluntary registration in Luxembourg).

Under Luxembourg tax law, where an individual holder is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the Notes are included in his/her taxable base for inheritance tax purposes. On the contrary, no estate or inheritance taxes are levied on the transfer of the Notes upon death of a holder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his/her death. Luxembourg gift tax may be due on a gift or donation of the Notes if the gift is recorded in a deed executed before a Luxembourg notary or otherwise registered in Luxembourg.

## CERTAIN INSOLVENCY LAW CONSIDERATIONS AND LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE SECURITY INTERESTS

Set forth below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in some of the jurisdictions in which the Guarantees or the Collateral is being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and the security interests in the Collateral. Also set forth below is a brief description of certain aspects of insolvency law in France.

### European Union

The Issuer and the Guarantors in France and the security providers in France are incorporated under the laws of Member States of the European Union.

Pursuant to Council Regulation (EU) 2015/848 of May 20, 2015, on insolvency proceedings (recast) (the "EU Insolvency Regulation"), which became fully effective on June 26, 2017 (except with respect to the obligation of the Member States to establish and maintain a register of insolvency proceedings that came into on June 26, 2018, and the obligation of the European Commission to interconnect such registers that will come into force on June 26, 2019) and applies within the European Union (other than Denmark), the courts of the Member State in which a debtor's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to commence main insolvency proceedings relating to such debtor. The determination of where a debtor has its COMI is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Article 3(1) of the EU Insolvency Regulation provides that the centre of main interests, or "COMI" of a "debtor shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties." It sets forth, as explained by Recital (30), a rebuttable presumption that a debtor has its COMI in the Member State in which it has its registered office in the absence of proof to the contrary. This presumption shall only apply if the registered office of the legal person has not been moved to another Member State within the three-month period prior to the request for the opening of insolvency proceedings. Recital (30) provides that it should be possible to rebut this presumption if a debtor's central administration is located in a Member State other than that of its registered office and a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the debtor's actual centre of management and supervision and the management of its interests is located in that other Member State. Under the previous EU insolvency regulation (Council Regulation (EC) 1346/2000 of May 29, 2000), which defined the COMI in similar terms, the courts have taken into consideration a number of factors in determining a debtor's COMI, including in particular where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established. A debtor's COMI is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to commence insolvency proceedings at the time of the filing of the insolvency petition.

If a debtor's COMI is and will remain located in the Member State (other than Denmark) in which it has its registered office, the main insolvency proceedings in respect of the debtor under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A of the EU Insolvency Regulation. Insolvency proceedings commenced in one Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be commenced in another Member State.

If a debtor's COMI is in a Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to commence secondary (territorial) insolvency proceedings against that debtor only if such debtor has an "establishment" (within the meaning and as defined in Article 2(10) of the EU Insolvency Regulation) in the territory of such other Member State or had an establishment in such EU Member State in the three-month period prior to the request for commencement of main insolvency proceedings. An "establishment" is defined to mean "any place of operations where the debtor carries out or has carried out in the three-month period prior to the request to commence main insolvency proceedings a non-transitory economic activity with human means and assets."

Where main proceedings have been commenced in the Member State in which the debtor has its COMI, any proceedings commenced subsequently in another Member State in which the debtor has an establishment shall be secondary insolvency proceedings. The effects of such proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. Where main proceedings in the Member State in which the debtor has its COMI have not yet been commenced, secondary insolvency proceedings may only be commenced in another Member State where the debtor has an establishment where either (a) insolvency proceedings cannot be commenced in the Member State in which the debtor's COMI is situated under that Member State's law; or (b) the territorial insolvency proceedings are commenced at the request of (i) a creditor which is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment or (ii) a public authority that has the right to make such a request under the law of the Member State in which the establishment is located. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor.

The courts of all Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings, which will be given the same effect in the other Member States so long as no secondary proceedings have been commenced there. The insolvency administrator appointed by a court in a Member State that has jurisdiction to commence main proceedings (because the debtor's COMI is there) may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other Member State or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other Member State where the debtor has assets.

The EU Insolvency Regulation provides for cooperation between (i) insolvency practitioners of the main insolvency proceedings and of the secondary insolvency proceedings, (ii) jurisdictions and (iii) jurisdictions and insolvency practitioners. It also provides for specific cooperation, communication and coordination measures in order to ensure the efficient administration of insolvency proceedings relating to different companies forming part of the same group. As from June 26, 2018, the Member States shall establish and maintain a register of insolvency proceedings and, as from June 26, 2019, the European Commission shall establish a decentralized system for the interconnection of such insolvency registers.

**France**

We conduct part of our business activity in France and, to the extent that the registered office of the Issuer or any of the Guarantors is deemed to be in France, they could be subject to French court-assisted proceedings affecting creditors, i.e. *mandat ad hoc* or conciliation proceedings (which do not fall within the scope of the EU Insolvency Regulation). In addition, to the extent that their COMI or, in cases where the EU Insolvency Regulation does not apply, their main centre of interests within the meaning of Article R. 600-1 of the French Commercial Code, is deemed to be in France or they have an establishment in France, they could also be subject to French court-administered proceedings affecting creditors, i.e. either safeguard proceedings, accelerated safeguard proceedings or accelerated financial safeguard proceedings (*sauvegarde, sauvegarde accélérée or sauvegarde financière accélérée*), judicial reorganization proceedings (r*edressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*).

Specialized courts exist for (i) conciliation or insolvency proceedings with respect to debtors that meet or exceed (on a stand-alone basis or together with the companies under their control) (x) 20 million euros in turnover and 250 employees or (y) 40 million euros in turnover, and (ii) commencement of proceedings with respect to which the court's international jurisdiction results from the application of the EU Insolvency Regulation or, in cases where the EU Insolvency Regulation does not apply, from the debtor having its main center of interests within the jurisdiction of such specialized courts.

In addition, the French court that commences insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of the group (subject to French courts having international jurisdiction with respect to such entities, in accordance with the rules outlined above and to specific control thresholds); accordingly, a court can supervise the insolvency proceedings of the whole group and may, for this purpose, appoint the same administrator and creditors' representative (*mandataire judiciaire*) for all proceedings in respect of members of the group.

In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Guarantees granted by the French Guarantors and corresponding security interests in the Collateral.

Annex A of the EU Insolvency Regulation lists safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization and judicial liquidation proceedings as insolvency proceedings within the meaning of the EU Insolvency Regulation. Any company of our group having its COMI in France would be subject to French main insolvency proceedings and any company of our group having an establishment in France and its COMI in another EU Member State (other than Denmark) could be subject to French secondary insolvency proceedings. The following is a general discussion of insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

The following is a general discussion of preventive and insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes. Such proceedings will likely be amended in the context of the transposition of the Restructuring Directive into French law with respect to which French statute n° 2019-486 dated 22 May 2019 ("Loi Pacte") grants the French government twenty-four months to enact appropriate measures through ordinances for the transposition of the EU Restructuring Directive.

***Grace periods***

In addition to insolvency laws discussed below, you could, like any other creditors, be subject to Article 1343-5 of the French Civil Code.

Pursuant to the provisions of this Article, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published semi-annually by the French government) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1343-5 of the French Civil Code will suspend any pending enforcement measures, and any contractual default interest or penalty for late payment will not accrue or be due during the grace periods ordered by the relevant judge.

***If the debtor is engaged in conciliation proceedings or has reached a conciliation agreement that is in the course of being executed, special rules apply to the grant of grace periods (see "—Court-assisted proceedings" below).***

***Insolvency test***

Under French law, a debtor is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts with its immediately available assets (*actif disponible*) taking into account available credit lines, existing debt rescheduling agreements and moratoria.

The date of insolvency (*état de cessation des paiements*) is generally deemed to be the date of the court ruling commencing the judicial reorganization or judicial liquidation proceedings, unless the court sets an earlier date, which may be carried back up to 18 months before the date of such court ruling. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings. The date of insolvency marks the beginning of the hardening period (see below).

Due to the COVID-19 epidemic and state of health emergency that was imposed by the French government, Ordinance n° 2020-341 of 27 March 2020, as modified by Ordinance n° 2020-596 dated 20 May 2020, modified the above test and provides that, until 23 August 2020 included, the insolvency test above will be considered in light of the debtor's situation on 12 March 2020, absent fraud. As a result of this change, debtors who, absent these two Ordinances, would have met the insolvency test above between 13 March 2020 and 23 August 2020 are not required (but still have the ability) to file for insolvency proceedings within 45 days, which means that such debtors would still have access to court-assisted proceedings and safeguard proceedings as described below. Notwithstanding the foregoing, debtors may petition for judicial reorganization and judicial liquidation proceedings during the period between 13 March 2020 and 23 August 2020 should they meet the insolvency test, prior to its modification by Ordinance n° 2020-341 of 27 March 2020 as modified.

***Court-assisted proceedings***

A French debtor facing difficulties may in certain conditions request the commencement of court- assisted proceedings (*mandat ad hoc or conciliation*), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders (e.g., an agreement to reduce or reschedule its indebtedness).

*Mandat ad hoc* proceedings may only be initiated by the debtor itself, in its sole discretion. In practice, mandat ad hoc proceedings are used by debtors that are facing any type of difficulties but are not insolvent (see "*—Insolvency test*" above). The proceedings are informal and confidential by law. They are carried out under the aegis of a court-appointed officer (*mandataire ad hoc*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings are not limited in time. The duties of the mandataire ad hoc are determined by the competent court (usually the commercial court) that appoints him or her, usually to facilitate negotiations with creditors. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. *Mandat ad hoc* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually agree not to do so for their duration. In any event, the debtor retains the right to petition the relevant judge for a grace period under Article 1343-5 of the French Civil Code (see "*—Grace periods*" above). The agreement reached is reported to the president of the court but is not formally approved by it.

Conciliation proceedings may only be initiated by the debtor itself if it faces actual or foreseeable difficulties of a legal, economic or financial nature and is not insolvent (see "*—Insolvency test*") or has not been insolvent for more than 45 calendar days. The proceedings are confidential by law. They are carried out under the aegis of a court-appointed conciliator (*conciliateur*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings may last up to four months (with the conciliateur being able to request a one- month extension). The duties of the conciliateur are to assist the debtor in negotiating an agreement with all or part of its creditors and/or trade partners that puts an end to its difficulties, e.g. providing for the restructuring of its indebtedness. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. Conciliation proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually agree not to do so for their duration and creditors may not request the opening of insolvency proceedings (*redressement judiciaire or liquidation judiciaire*) against the debtor. Pursuant to Article L. 611-7 of the French Commercial Code, during the proceedings, the debtor retains the right to petition the judge that commenced them for a grace period in accordance with Article 1343-5 of the French Civil Code (see "*—Grace periods*" above) provided that a creditor has formally put the debtor on notice to pay, or is suing for payment; the judge will take its decision after having heard the conciliator and may condition the duration of the measures it orders to reaching an agreement in the conciliation proceedings.

Additionally, pursuant to Article L. 611-10-1 of the French Commercial Code, the judge having commenced conciliation proceedings may, during the execution period of a conciliation agreement (whether it is acknowledged or approved as described below), impose grace periods on creditors who were asked to participate in the conciliation proceedings (other than the tax and social security administrations) and have formally put the debtor on notice to pay or are suing for payment of claims that were not dealt with in the conciliation agreement, such decision being taken after hearing the *conciliateur* if he/she has been appointed to monitor the implementation of the agreement.

The conciliation agreement reached between the parties may be acknowledged (*constaté*) by the president of the Commercial Court at the request of the parties, which makes the agreement binding upon them (in particular, performance of the conciliation agreement prevents any action by the creditors party thereto against the debtor to obtain payment of claims governed by the conciliation agreement) and enforceable without further recourse to a judge (*force exécutoire*), but the conciliation proceedings remain confidential.

Alternatively, the conciliation agreement may be approved (*homologué*) by the Commercial Court at the request of the debtor following a hearing held for that purpose which will have to be attended by the works council or employee representatives, as the case may be, if (i) the debtor is insolvent or the conciliation agreement has the effect of putting an end to the debtor's insolvency, (ii) the conciliation agreement effectively ensures that the company will survive as a going concern and (iii) the conciliation agreement does not impair the rights of the non-signatory creditors. Such approval will have the same effect as its acknowledgement (*constatation*) as described above, except that in addition:

- the decision of approval by the relevant Civil or Commercial Court, which should only disclose the amount of any New Money Lien (as defined herein) and the guarantees and security interests granted to secure the same, will be public but the agreement itself should otherwise remain confidential except vis-à-vis the works council or employee representatives that are informed of the content of the conciliation agreement and may have access to the full conciliation agreement at the clerk's office (*greffe*) of the Court;
- creditors that, in the context of the conciliation proceedings, provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity in the context of a capital increase) will enjoy a priority of payment over all pre-commencement and post-proceedings claims (except with respect to certain pre-commencement employment claims and procedural costs) (the "New Money Lien"), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings;
- in the event of subsequent safeguard proceedings, judicial reorganization or liquidation proceedings, claims benefiting from the New Money Lien may not, without their holders' consent, be written off and their payment date may not be rescheduled to a date later than the date on which the safeguard or reorganization plan is adopted, not even by the creditors' committees (the powers of the bondholders general meeting in this respect are the subject of debate);
- when the debtor is submitted to statutory auditing, the conciliation agreement is transmitted to its statutory auditors; and
- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of insolvency (see "*—Insolvency test*"), and therefore the starting date of the hardening period (as defined herein—see "*—The "hardening period*" (*période suspecte*) *in judicial reorganization and liquidation proceedings*"), cannot be set by the court as of a date earlier than the date of the approval (*homologation*) of the agreement by the court (except in the case of fraud).

Whether the conciliation agreement is acknowledged or approved, the court may, at the request of the debtor, appoint the *conciliateur* to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its execution, and while the agreement is in force:

- interest accruing on the claims that are the subject to the conciliation agreement may not be compounded;
- the debtor retains the right to petition the judge that commenced the conciliation proceedings for a grace period in accordance with Article L.611-10-1 of the French Commercial Code and pursuant to Article 1343-5 of the French Civil Code (see "*—Grace periods*"), in relation to claims of creditors (other than public creditors) party to the conciliation proceedings that are not already subject to the conciliation agreement, in which case the decision would be taken after having heard the conciliateur (provided that the terms of his or her appointment included monitoring the implementation of the agreement, as referred to above); and
- a third party which had previously granted credit support (a guarantee or security interest) with respect to the debtor's obligations may benefit from the provisions of the conciliation agreement as well as from grace periods granted in the context of conciliation proceedings.

If the debtor breaches the terms of the conciliation agreement, any party to it may petition the president of the court for its termination. If such termination is granted, grace periods granted in relation to the conciliation proceedings may be revoked. Conversely, provided the conciliation agreement is duly performed, any individual proceedings by creditors with respect to obtaining payment of the claims dealt with by the conciliation agreement are suspended and/or forbidden. The commencement of subsequent insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims (decreased by the payments already received) and pre-existing security interests or guarantees.

Conciliation proceedings in which a draft plan is supported by a large majority of creditors which is likely to meet the threshold requirements for creditors' consent in safeguard, will be a mandatory preliminary step of accelerated safeguard proceedings or accelerated financial safeguard proceedings, as described below.

At the request of the debtor and after the creditors taking part in the conciliation proceedings have been consulted on the matter, *mandat ad hoc* and conciliation proceedings may also be used to organize the partial or total sale of the debtor, in particular through a "plan for the disposal of the business" (*plan de cession*) which could be implemented in the context of subsequent safeguard, judicial reorganization or liquidation proceedings. Provided that they comply with certain requirements, any offers received in this context by the *mandataire ad hoc* or the *conciliateur* may be directly considered by the court in the context of safeguard, reorganization or liquidation proceedings after consultation of the State prosecutor.

As a matter of law, any contractual provision that (i) modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of conciliation proceedings or of a request submitted to this end or (ii) requires the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of conciliation proceedings, more than three-quarters of the fees of the professional advisers retained by creditors in connection with these proceedings, is deemed null and void.

Where the maximum time period allotted to court-assisted proceedings expires without an agreement being reached, the proceedings will end. The termination of such proceedings does not, in and of itself entail any specific legal consequences for the debtor, in particular it does not result in the automatic commencement of insolvency proceedings. New conciliation proceedings cannot be commenced before three months have elapsed as from the end of the previous ones.

Due to the COVID-19 epidemic and state of health emergency that was imposed by the French government, Ordinance n° 2020-341 of 27 March 2020 and Ordinance n° 2020-596 dated 20 May 2020, have modified conciliation proceedings to provide that:

1. the duration of conciliation proceedings is increased by five months, thereby increasing the maximum duration of conciliation proceedings to 10 months (instead of 5 months previously);

2. until 31 December 2020, if a creditor does not accept, by the deadline set by the conciliator, a request made by the conciliator to suspend payment of his claim for the duration of the conciliation proceedings, the debtor may request from the President of the Commercial Court in ex-parte proceedings, for the duration of the conciliation proceedings:

    - the stay or prohibition of any legal action for payment or for termination of a contract for a payment default;

    - the stay or prohibition of any judicial enforcement measure against the debtor's movable or immovable property as well as any judicial procedure relating to the distribution of the debtor's assets that would not have become final; or

    - the deferral or rescheduling of the creditor's claim.

In addition, the debtor may petition the judge that commenced conciliation proceedings for a grace period in accordance with Article 1343-5 of the French Civil Code (see "*—France—Grace periods*" above) even before the creditor sends any notice to pay or initiates any suit for payment if a creditor does not accept, by the deadline set by the conciliator, a request made by the conciliator to suspend payment of his claim for the duration of the conciliation.

***Court-administered proceedings—safeguard***

A debtor which experiences difficulties that it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided that it is not insolvent (*en état de cessation des paiements*) (see "*—Insolvency test*"). Creditors of the debtor are not notified of, nor invited to attend the hearing before the court at which the commencement of safeguard proceedings is requested. Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is (except for small companies where the court considers that such appointment is not necessary) appointed to investigate the business of the debtor during an "observation period" (being the period starting on the date of the court decision commencing the proceedings and ending on the date on which the court takes a decision on the outcome of the proceedings), which may last up to 18 months. The role of the court-appointed administrator is also to assist the debtor in preparing a draft safeguard plan (*projet de plan de sauvegarde*) that it will circulate among its creditors. Creditors do not have effective control over the proceedings, which remain in the hands of the debtor assisted by the court- appointed administrator and overseen by the court. The court-appointed administrator will, in accordance with the terms of the judgment appointing him or her, exercise ex post facto control over decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d'assistance*), all under the supervision of the court.

If, after commencement of the proceedings, it appears that the debtor was insolvent (*en état de cessation des paiements*) before their commencement, at the request of the debtor, the administrator, the creditors' representative or the Public Prosecutor but, in any event, after having heard the debtor, the court may convert the safeguard proceedings into judicial reorganization proceedings.

In addition, the court may convert such proceedings into judicial reorganization proceedings (i) after commencement of the proceedings, at the request of the debtor, the administrator, the creditors' representative or the public prosecutor, if it appears that the debtor was insolvent (*en état de cessation des paiements*) before commencement of the proceedings, (ii) at any time during the observation period upon its own initiative or upon request of the debtor, the judicial administrator, the creditors' representative or the public prosecutor in the case where the debtor is insolvent, or (iii) upon request of the debtor, the administrator, the creditors' representative or the public prosecutor in case no plan has been adopted by the relevant creditors' committee and, if any, the bondholders' assembly (as described below), if the approval of a safeguard plan is manifestly impossible and if the company would shortly become insolvent should safeguard proceedings end. At any time during the observation period, the court may also convert such proceedings into liquidation proceedings if the debtor is insolvent and its recovery is manifestly impossible. In all such cases:

(i) the court may decide at the request of the debtor, the court-appointed administrator, the creditors' representative or the Public Prosecutor and in all such cases with the exception of (i) above, the court may act upon its own initiative; and

(ii) the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the State prosecutor and the workers' representatives (if any).

As soon as safeguard proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

Due to the COVID-19 epidemic and state of health emergency that was imposed by the French government, Ordinance n° 2020-596 dated 20 May 2020, modified safeguard proceedings to provide that:

- as an incentive for new financings granted to debtors in the context of safeguard or reorganization proceedings, Ordinance n° 2020-596 dated 20 May 2020 provides for a new safeguard or reorganization privilege (the "S/R Lien"), applicable exclusively to proceedings commenced between 22 May 2020 and the earlier of the date of implementation of EU Restructuring Directive 2019/1023 dated 20 June 2019 and 17 July 2021. The S/R Privilege is distinct from the existing statutory preference enjoyed by financing granted after commencement of the proceedings, with the approval of the bankruptcy judge, after for the needs of the proceedings or of the observation period.
- The S/R Lien applies to all new cash contributions made, with the exception of those made through a share capital increase, by any person:

(a) during the observation period, in order to ensure the continuity of debtor's business and its sustainability, in which case such cash contributions must be authorized by the bankruptcy judge, or

(b) for the implementation of the safeguard or reorganization plan, *i.e.* within the plan as approved or modified by the court, and for the purposes of its execution, it being specified that the judgment must mention all claims benefiting from the privilege, as well as the relevant amounts.

- Claims benefiting from the S/R Lien enjoy a priority of payment over pre-commencement and post-commencement claims except with respect to employees' super-privilege claims, procedural costs and the New Money Lien in the event of on-going or subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings.
- Such claims may be not termed-out or written-off without the consent of the relevant creditors.

During the safeguard proceedings, payment by the debtor of any debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor, is prohibited, subject to very limited exceptions. For example, the court can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the debtor's business or to recover goods or rights transferred as collateral in a fiduciary estate (*patrimoine fiduciaire*).

Creditors must be consulted on the manner in which the debtor's liabilities will be settled under the safeguard plan (debt forgiveness, payment terms or debt-for-equity swaps) prior to the plan being approved by the court. The rules governing consultation will vary depending on the size of the business.

*Standard consultation*: This applies to debtors whose accounts are not certified by a statutory auditor or prepared by a chartered accountant, or, if they are, who have 150 employees or less or a turnover of €20 million or less.

In such a case, the administrator notifies the proposals for the settlement of debts to the court- appointed creditors' representative, who obtains the agreement of each creditor who filed a claim, regarding the debt remissions and payment schedules proposed. Creditors are consulted individually or collectively.

French law does not state whether the debt settlement proposals can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at this consultation stage. According to legal commentaries and established practice, differing treatment as between creditors is possible, provided that it is justified by the difference in the situation of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of claims over a shorter time period instead of a full payment of such claims over the maximum possible length of the plan (ten years maximum except for agricultural businesses operated by individuals where the maximum is fifteen years).

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved are not required to be consulted.

Creditors who do not respond within 30 days of their receipt of the debt settlement proposal (other than debt-for-equity-swap) made to them are deemed to have accepted it, except when the proposal includes debt for equity swap. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and the controllers.

Within the framework of a standard consultation, the court that approves the safeguard plan (*plan de sauvegarde*) can impose a uniform rescheduling of the claims of creditors having refused the proposals that were submitted to them (subject to specific regimes such as the one applicable to claims benefiting from the New Money Lien or the S/R Lien) over a maximum period of ten years (except for agricultural businesses where the maximum is fifteen years and for claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same), but no write-off of any claim or debt-for-equity swap may be imposed without the relevant creditor's individual acceptance.

Following a court-imposed rescheduling, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual instalment must be of at least 5% of the amount of each debt claim (except for agricultural businesses)) or on the first payment date following the initial maturity of the claim if it is later than the first payment date provided for by the plan, in which case the amount of such first payment is equal to what the creditor would have received had he or she been paid in accordance with the uniform payment rescheduling applying to the other creditors.

*Committee-based consultation*: This applies to large companies, the accounts of which are certified by a statutory auditor (*commissaire aux comptes*) or established by a chartered accountant (*expert-comptable*) and with more than 150 employees or a turnover greater than €20 million, or upon the debtor's or the administrator's request and with the consent of the court in the case of debtors that do not exceed the aforementioned thresholds.

The consultation involves the submission of a proposed safeguard plan for consideration by two creditors' committees which are established by the court-appointed administrator on the basis of the claims that arose prior to the judgment commencing the proceedings:

- one for credit institutions or assimilated institutions and entities having granted credit or advances in favor of the debtor, but excluding noteholders (the "credit institutions committee"); and
- the other one for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers and other suppliers invited to participate in such committee by the court-appointed administrator (the "major suppliers committee").

If there are any outstanding debt securities in the form of obligations (such as bonds or notes and including capital market debt instruments such as the Notes), a single general meeting of all holders of such debt securities will be established (the "bondholders' general meeting"), in which all such holders are to take part irrespective of whether or not there are different issuances or of the governing law(s) of those obligations.

As a general matter, only the legal owner of the debt claim will be invited onto the committee. Accordingly, a person holding only an economic interest therein will not itself be a member of the committee.

The proposed plan:

- must "take into account" subordination agreements entered into by the creditors before the commencement of the proceedings;
- may treat creditors differently if it is justified by their differences in situation; and
- may, *inter alia*, include a rescheduling or cancellation of debts (subject to the specific regime of claims benefiting from the New Money Lien), and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If the plan provides for a share capital increase, the creditors may subscribe to such share capital increase by way of a set-off against their claims against the debtor (as reduced according to the provisions of the plan, where applicable).

Creditors that are members of the credit institutions committee or of the major suppliers committee may also prepare an alternative safeguard plan that will also be put to the vote of the committees and of the bondholders' general meeting, it being specified that approval of any such alternative plan is subject to the same two-thirds majority vote in each committee and in the bondholders' general meeting and gives rise to a report by the court-appointed administrator (*administrateur judiciaire*). Bondholders are not permitted to present their own alternative plan.

The committees must approve or reject the safeguard plan within 20 to 30 days of its submission. The period may be extended or shortened but may never be shorter than 15 days. The plan must be approved by a majority vote of each committee (two-thirds of the outstanding claims of the creditors casting a vote).

Each member of a creditors' committee or of the bondholders' general meeting must, if applicable, inform the court-appointed administrator of the existence of any agreement relating to (i) the exercise of its vote or (ii) the full or total payment of its claim by a third party as well as of any subordination agreement. The court-appointed administrator shall then submit to such person a proposal for the computation of its voting rights in the creditors' committees/ bondholders' general meeting. In the event of disagreement, the matter may be ruled upon by the president of the Commercial Court in summary proceedings at the request of the creditor or of the court-appointed administrator.

The amounts of claims secured by a trust (*fiducie*) granted by the debtor do not give rise to voting rights. In addition, creditors whose repayment schedule is not modified by the plan, or for which the plan provides for a payment of their claims in cash in full as soon as the plan is adopted or as soon as their claims are admitted, do not need to be consulted on the plan or take part in the vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders' general meeting at the same two-thirds majority vote. Following approval by the creditors' committees and the bondholders' general meeting, and determination of the rescheduling of the claims of creditors that are not members of the committees or bondholders (see below), the plan has to be approved (*arrêté*) by the court. The court must verify that the interests of all creditors are "sufficiently protected" and that required shareholder consent (if applicable) has been obtained. Once so approved by the relevant court, the safeguard plan will be binding on all the members of the committees and all bondholders (including those who did not vote or voted against the adoption of the plan).

Creditors outside the creditors' committees or the bondholders' general meeting are consulted in accordance with the standard consultation process referred to above.

If the debtor's proposed plan is not approved by both committees and the bondholders' general meeting within the first six months of the observation period (either because they do not vote on the plan or because they reject it), this six-month period may be extended by the court at the request of the court-appointed administrator for a period not exceeding the duration of the observation period, in order for the plan to be approved through the committee-based consultation process. Absent such extension, the court can still adopt a safeguard plan within the time remaining until the end of the observation period. In such a case, the rules are the same as the ones applicable for the standard consultation process described above.

If the draft plan provides for a modification of the share capital or the by-laws, the court may decide that the shareholders general meeting and, as the case may be, the general meetings of the holders of securities giving access to the share capital of the company shall vote, the first time the relevant meeting is convened, at a simple majority of the votes of the shareholders attending, or represented at, the meeting, provided that they hold at least half of the shares with voting rights. The second time the meeting is convened, the usual provisions relating to quorum and majority shall apply.

If the court adopts a safeguard plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

If no proposed safeguard plan whatsoever is adopted by the committees and, if applicable, the bondholders' general meeting, at the request of the debtor, the court-appointed administrator, the mandataire judiciaire or the State prosecutor, the court may convert the safeguard proceedings into judicial reorganization proceedings if it appears that the adoption of a safeguard plan is impossible and if the end of the safeguard proceedings would certainly lead to the debtor shortly becoming insolvent.

Specific case—Creditors that are public institutions: public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt remissions under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors examine possible remissions within the framework of a local administrative committee (Commission des Chefs de Services Financiers). The tax administrations may grant relief from all direct taxes. With regard to indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

***Court-administered proceedings—accelerated safeguard and accelerated financial safeguard***

A debtor that is the subject of conciliation proceedings may request the commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) or accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*).

The accelerated safeguard proceedings and accelerated financial safeguard proceedings have been designed to "fast-track" difficulties faced by large companies, i.e., those:

- which publish consolidated accounts in accordance with Article L. 233-16 of the French Commercial Code; or
- which publish accounts certified by a statutory auditor or established by a certified public accountant and have (i) more than 20 employees, (ii) a turnover greater than €3.0 million (excluding VAT) or (iii) whose total balance sheet exceeds €1.5 million.

Ordinance n° 2020-596 dated 20 May 2020 provides that only the publication of consolidated accounts as provided for above will be required for proceedings commenced between 22 May 2020 and the earlier of the date of implementation of the EU Restructuring Directive 2019/1023 dated 20 June 2019 and 17 July 2021, the above mentioned thresholds will no longer be required.

If the debtor does not exceed the thresholds provided for to constitute creditors' committee (see above), the court shall authorize such constitution in the opening decision.

To be eligible to accelerated safeguard proceedings or accelerated financial safeguard proceedings, the debtor must fulfil the following conditions:

- the debtor must not have been insolvent for more than 45 days when it initially applies for commencement of conciliation proceedings;
- the debtor must be subject to ongoing conciliation proceedings when it applies for the commencement of the proceedings;
- as is the case for regular safeguard proceedings, the debtor must face difficulties which it is not in a position to overcome; and
- the debtor must have prepared a draft safeguard plan ensuring the continuation of its business as a going concern which is supported by enough of its creditors involved in the proceedings to render likely its adoption by the relevant committees (credit institutions' committee only for financial accelerated safeguard proceedings) and bondholders general meeting, if any, within a maximum of three months following the commencement of accelerated safeguard proceedings, or within a month following the commencement of accelerated financial safeguard proceedings (that can be extended by an additional month).

While accelerated safeguard proceedings apply to all creditors (except employees), accelerated financial safeguard proceedings apply only to "financial creditors" (i.e., creditors that belong to the credit institutions committee and bondholders' general meeting), the payment of whose debt is suspended until adoption of a plan through accelerated financial safeguard proceedings. The debtor will be prohibited from paying to any creditor to whom the accelerated safeguard or accelerated financial safeguard proceedings (as the case may be) apply, any amounts (including interest) relating to debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor. Such amounts may be paid only after the judgment of the court approving the safeguard plan and in accordance with its terms. Creditors other than financial creditors (such as public creditors, the tax or social security administration and suppliers) are not directly impacted by accelerated financial safeguard proceedings. Their debts will continue to be due and payable in the ordinary course of business according to their contractual or legal terms.

The regime applicable to standard safeguard proceedings is broadly applicable to accelerated safeguard or accelerated financial safeguard proceedings (for example, creditors will be consulted by way of a committee-based consultation on, as the case may be, a draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or a draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) and creditors that are members of the credit institutions committee or the major suppliers committee, but not bondholders, may also prepare alternative draft plans as described above (see "*committee-based consultation*")), to the extent compatible with the accelerated timing, since the maximum duration of accelerated safeguard proceedings is three months and the maximum duration of accelerated financial safeguard proceedings is two months (provided the court has decided to extend the initial one month period). However, certain provisions relating to ongoing contracts and to the recovery of assets by their owners do not apply in accelerated safeguard or accelerated financial safeguard proceedings.

In particular, the creditors' committees and the bondholders' general meeting are required to vote on the proposed safeguard plan within a minimum period of 15 days of its being notified to them in the case of accelerated safeguard proceedings, or within eight days in the case of accelerated financial safeguard proceedings.

The plan in the context of accelerated safeguard proceedings or accelerated financial safeguard proceedings is adopted following the same majority rules as in standard safeguard proceedings and may notably provide for rescheduling, debt cancellation and conversion of debt into equity capital of the debtor (debt-for-equity swaps requiring relevant shareholder consent). No debt rescheduling or cancellation may be imposed, without their consent, on creditors that do not belong to one of the committees or are not bondholders.

If a plan is not adopted by the creditors and approved by the court within the applicable deadline, the court shall terminate the proceedings. The court cannot reschedule amounts owed to the creditors outside of the committee process. Ordinance n° 2020-596 dated 20 May 2020 provides that for proceedings commenced between 22 May 2020 and the earlier of the date of implementation of the EU Restructuring Directive 2019/1023 dated 20 June 2019 and 17 July 2021, if a plan is not adopted by the creditors and approved by the court within the applicable deadline the debtor, the judicial administrator, the creditors representative or the public prosecutor may request, without any delay, that reorganization or liquidation proceedings (as the case may be) be opened. If a plan is not adopted by the creditors and approved by the court within the applicable deadline, the court shall terminate the proceedings. The court cannot reschedule amounts owed to the creditors outside of the committee process.

The list of claims of creditors party to the conciliation proceedings certified by the statutory auditor shall be deemed to constitute the filing of such claims for the purpose of accelerated safeguard proceedings or, as applicable, accelerated financial safeguard proceedings (see below) unless the creditors otherwise elect to make such a filing (see below).

***Court-administered proceedings—judicial reorganization or liquidation proceedings***

Judicial reorganization (*redressement judiciaire*) or liquidation (*liquidation judiciaire*) proceedings may be initiated against or by a debtor only if it is insolvent and, in the case of liquidation proceedings only, if the debtor's recovery is manifestly impossible. The debtor is required to petition for judicial reorganization or liquidation proceedings (or for conciliation proceedings, as discussed above) within 45 days of becoming insolvent; de jure managers (including directors) and, as the case may be, *de facto* managers that would have deliberately failed to file such a petition within the deadline are exposed to civil liability in the event that judicial liquidation proceedings should be subsequently commenced against the debtor.

Where the debtor requested the commencement of judicial reorganization proceedings and the court, after having heard the debtor, considers that judicial liquidation proceedings would be more appropriate, it may order the commencement of the proceedings that it determines to be most appropriate. The same would apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the safeguard proceedings observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*) or the State prosecutor, the court may convert safeguard proceedings into judicial reorganization proceedings or liquidation proceedings if it appears that the debtor was already insolvent at the time of the court decision opening the proceedings. In all cases, the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the State prosecutor and the workers' representatives (if any).

The objectives of judicial reorganization proceedings are the sustainability of the business, the preservation of employment and the payment of creditors, in that order.

As soon as judicial reorganization or judicial liquidation proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

In the event of judicial reorganization, an administrator (*administrateur judiciaire*) is usually appointed by the court to investigate the business of the debtor during an observation period, which may last up to 18 months, and make proposals either for the reorganization of the debtor with the debtor's help, or for the sale of the business or the liquidation of the debtor. The court- appointed administrator will assist the debtor in making management decisions (*mission d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*). Judicial reorganization proceedings broadly take place in a manner that is similar to safeguard proceedings (see above), subject to certain specificities.

In particular, the rules relating to creditor consultation, especially the powers of the court adopting the judicial reorganization plan (*plan de redressement*) in the event of rejection by the creditors of proposals made to them, are the same (see above). At any time during the observation period, the court can, at the request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), the State prosecutor or at its own initiative, order the partial stop of the activity (*cessation partielle de l'activité*) or order the liquidation of the debtor if its recovery is manifestly impossible. At the end of the observation period, the outcome of the proceedings is decided by the court.

In addition, Ordinance n° 2020-596 dated 20 May 2020 modified the judicial reorganization proceedings to provide for the new S/R Lien (as defined and detailed above see "*France—Court-administered Proceedings—Safeguard*").In judicial reorganization proceedings, in case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one half of the share capital as required by Article L. 626-3 of the French Commercial Code, the administrator may appoint a trustee (*mandataire de justice*) to convene a shareholders' meeting and to vote on behalf of the shareholders that refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies) undertaking to comply with the reorganization plan.

If the proposed reorganization plans are manifestly not likely to ensure that the debtor will recover or if no reorganization plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business in accordance with the process for a sale of the business described below.

In judicial reorganization proceedings if (i) the company has at least 150 employees, or if it controls (within the meaning of the French Labor Code) one or more companies having together at least 150 employees, (ii) the disappearance of the company is likely to cause serious harm to the national or regional economy and (iii) the modification of the company's share capital seems to be the only credible way to avoid harm to the national or regional economy and to allow the continued operation of the business as a going concern, then following (x) the review of the options for a total or partial sale of the business and at the request of the court-appointed administrator or of the State prosecutor and (y) at least three months have elapsed from the court decision commencing the proceedings, provided that the shareholders' meetings required to approve the modification of the company's share capital required for adoption of the reorganization plan have refused such modification, the insolvency court may either:

- appoint a court officer (*mandataire*) in order to convene the shareholders' meeting and vote the share capital increase in lieu of the shareholders having refused to do so, up to the amount provided for in the reorganization plan; or
- order, in favor of the persons who have undertaken to perform the reorganization plan, the sale of all or part of the share capital held by the shareholders having refused the share capital increase and holding,

directly or indirectly, a portion of the share capital providing them with a majority of the voting rights (including as a result of an agreement with other shareholders) or a blocking minority in the company's shareholders' meetings; the minority shareholders have the right to withdraw from the company and request that their shares be purchased by the transferees.

In the event of a sale ordered by the court, the price of the shares shall, failing agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court which may not exceed the duration of the reorganization plan.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator, which is generally the former creditors' representative (*mandataire judiciaire*). There is no observation period in judicial liquidation proceedings nor does the law limit their duration. The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly to liquidate the assets and settle the liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order for payment). The liquidator will take over the management and control of the debtor and the managers of the debtor are no longer in charge of its management.

Concerning the liquidation of the assets of the debtor, there are two possible outcomes:

(a) a sale of the business (*cession d'entreprise*) (in which case a court-appointed administrator (*administrateur judiciaire*) will usually be appointed to manage the debtor during a temporary period of continuation of the business operations ordered by the court (three months, renewable once) and organize such sale of the business as a going concern via an asset sale, i.e. a sale plan (*plan de cession*), any third party being entitled to present a bid on all or part of the debtor's business); or

(b) a sale of the individual assets of the debtor, in which case the liquidator may decide to:

  (i) launch auction sales (*vente aux enchères* (or adjudication amiable for real estate assets only));

  (ii) sell on an amicable basis (*vente de gré à gré*) each asset for which spontaneous purchase offers have been received (the formal authorization of the bankruptcy judge being necessary to conclude the sale agreement with the bidder); or

  (iii) in practice, request, under the supervision of the bankruptcy judge, all potential interested purchasers to bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed before such hearing (*procédure des plis cachetés*). However, the possibility of implementing such process is questioned by certain legal authors and case law in this respect has varied.

If the court adopts a sale plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

The court will end the proceedings when either no due liabilities remain, the liquidator has sufficient funds to pay off the creditors (*extinction du passif*) or continuation of the liquidation process becomes impossible due to an insufficiency of assets (*insuffisance d'actif*).

The court may also terminate the proceedings:

- when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets; or
- in the event where there are insufficient funds to pay off the creditors, by appointing a mandataire in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

***The "hardening period" (période suspecte) in judicial reorganization and liquidation proceedings***

The date of insolvency (*cessation des paiements*) of a debtor is deemed to be the date of the court order commencing the proceedings, unless the court sets an earlier date, which may be no earlier than 18 months before the date of such court order. Also, except in the case of fraud, the insolvency date may not be set at a date earlier than the date of the final court decision that approved an agreement (homologation) in the context of conciliation proceedings (see above). The insolvency date is important because it marks the beginning of the hardening period (*période suspecte*), which runs from the insolvency date of the debtor until the date of the court decision commencing the judicial reorganization or liquidation proceedings affecting it.

Certain transactions entered into during the hardening period are automatically void while others are voidable by the court.

- Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration or for a nominal consideration, contracts under which the obligations of the debtor significantly exceed the obligations of the other party, payments of debts not due at the time of payment, payments of matured debts in a manner which is not commonly used in the ordinary course of business and security granted for previously incurred obligations, provisional attachment or seizure measures (*mesures conservatoires*) (unless the attachment or seizure predates the date of insolvency), operations relating to stock options, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made by way of security for a debt simultaneously incurred), any amendment to a trust arrangement (*fiducie*) that affects assets or rights already transferred in the trust as security for debt incurred prior to such amendment, and notarized declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*) pursuant to article L. 526-1 of the French Commercial Code.

- Transactions that are voidable by the court include payments made on debts that are due, transactions for consideration and notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions made during the hardening period, in each case if the court determines that the creditor knew that the debtor was insolvent at the relevant time. Transactions relating to the transfer of assets for no consideration are also voidable when entered into during the six-month period prior to the beginning of the hardening period.

There is no hardening period prior to the opening of safeguard proceedings.

***Status of creditors during safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization or judicial liquidation proceedings***

Contractual provisions pursuant to which the commencement of the proceedings triggers the acceleration of the debt (except with respect to judicial liquidation proceedings in which the court does not order the continued operation of the business) or the termination or cancellation of an ongoing contract are not enforceable against the debtor. Nor are "contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of reorganization proceedings" (in accordance with a decision of the French Supreme Court dated January 14, 2014, n° 12-22.909, which case law is likely to be extended to safeguard, accelerated safeguard or accelerated financial safeguard proceedings). However, the court-appointed administrator can unilaterally decide to terminate ongoing contracts (*contrats en cours*) that it believes the debtor will not be able to continue to perform. Conversely, the court-appointed administrator can require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that the debtor fully performs its contractual obligations post-filing (and provided that, in the case of judicial reorganization or liquidation proceedings, absent consent to other terms of payment, the debtor pays cash on delivery). The commencement of liquidation proceedings, however, automatically accelerates the maturity of all of a debtor's obligations unless the court orders the continued operation of the business with a view to the adoption of a "plan for the sale of the business" (plan de cession) (which it may do for a period of three months, renewable once); in such case, the acceleration of the obligations will only occur on the date of the court decision adopting the "plan for the sale of the business" (*plan de cession*) or on the date on which the continued operation of the business ends.

As from the court decision commencing the proceedings:

(a) accrual of interest is suspended, except in respect of loans for a term of at least one year, or of contracts providing for a payment which is deferred for at least one year (however, accrued interest can no longer be compounded);

(b) the debtor is prohibited from paying debts incurred prior to the commencement of the proceedings, subject to specified exceptions (which essentially cover the set-off of related (*connexes*) debts and payments authorized by the insolvency judge (*juge commissaire*) to recover assets for which recovery is justified by the continued operation of the business);

(c) the debtor is prohibited from paying debts having arisen after the commencement of the proceedings unless they were incurred for the purposes of the proceedings or of the observation period or in consideration of services rendered or goods provided to the debtor;

(d) debts duly arising after the commencement of the proceedings and which were incurred for the purposes of the proceedings or of the observation period, or in consideration of services rendered or goods provided to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the proceedings (with certain limited exceptions, such as claims secured by a New Money Lien), provided that they are duly filed within one year of the expiration of the observation period;

(e) creditors may not initiate or pursue any individual legal action against the debtor (or a guarantor of the debtor where such guarantor is a natural person and the proceedings are safeguard, accelerated safeguard or accelerated financial safeguard proceedings) with respect to any claim arising prior to the court decision commencing the proceedings, if the objective of such legal action is: (i) to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due in order to file a proof of claim, as described below); (ii) to terminate a contract for nonpayment of amounts owed by the creditor; or (iii) to enforce the creditor's rights against any assets of the debtor except (x) in judicial liquidation proceedings, by way of the applicable specific process for judicial foreclosure (*attribution judiciaire*) of the pledged assets or (v) where such asset—whether tangible or intangible, movable or immovable—is located in another EU Member State, in which case the rights in rem of creditors thereon would not be affected by the insolvency proceedings, in accordance with the terms of Article 8 of the EU Insolvency Regulation; and

(f) in the context of reorganization or liquidation proceedings only, absent consent to other terms of payment, immediate cash payment for services rendered pursuant to an ongoing contract (*contrat en cours*), will be required.

A natural person that is the guarantor of the debtor may avail itself of the provisions of a safeguard plan ("*plan de sauvegarde*") adopted by the Court but not of the provisions of a judicial reorganization plan ("*plan de redressement*").

In accelerated financial safeguard proceedings, the above rules only apply to the creditors who fall within the scope of the proceedings (see above). Debts owed to other creditors, such as suppliers, continue to be payable in the ordinary course of business.

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of proceedings must file a claim with the court-appointed creditors' representative within two months of the publication of the court decision in an official gazette (*Bulletin Officiel des annonces civiles et commerciales*); this period is extended to four months for creditors domiciled outside France. Creditors must also file a claim for the post-commencement non-privileged debts, with respect to which the two- or four-month period referred to above starts to run as from their maturity date. Creditors on whose behalves no claims have been submitted during the relevant period are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings. Employees are not subject to such limitations and are preferred creditors under French law.

At the beginning of the proceedings, the debtor must provide the judicial administrator and the creditors' representative with the list of all of its creditors and all of their claims. Where the debtor has informed the creditors' representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors' representative on behalf of the creditor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the insolvency judge rules on the admissibility of the claim. They may also file their own proofs of claim.

In accelerated safeguard and accelerated financial safeguard proceedings, however, the debtor draws a list of the claims of its creditors having taken part in the conciliation proceedings, which is certified by its statutory auditors or accountant. Although such creditors may file proofs of claim as part of the regular process, they may also avail themselves of this simplified alternative and merely adjust if necessary the amounts of their claims as set forth in the list prepared by the debtor (within the above two- or four-months' time limit). Creditors who did not take part in the conciliation proceedings must file their proofs of claim within the aforementioned deadlines.

If the court adopts a safeguard plan, accelerated safeguard plan, accelerated financial safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan.

If the court adopts a sale plan (*plan de cession*) of the debtor in judicial reorganization or judicial liquidation proceedings (see above), the proceeds of the sale will be allocated towards the repayment of its creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the liquidator appointed by the court will be in charge of settling the debtor's debts in accordance with their ranking.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees, post-commencement legal costs (essentially, court officials fees), creditors who benefit from a New Money Lien or a S/R Lien (see above), post-commencement privileged creditors and the French State (taxes and social charges). In the event of judicial liquidation proceedings only, certain pre-commencement secured creditors whose claim is secured by real estate are paid prior to post-commencement privileged creditors. This order of priority does not apply to all creditors, for example it does not apply to creditors benefiting from a retention right over assets with respect to their claim related to such asset.

***Creditors' liability***

Pursuant to Article L. 650-1 of the French Commercial Code (as interpreted by case law), where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may only be held liable for the losses suffered as a result of facilities granted to the debtor, if the granting of such facilities was wrongful, in the case of (i) fraud, (ii) interference with the management of the debtor or (iii) if the security or guarantees taken to support the facilities are disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court.

***Limitations on Guarantees***

The liabilities and obligations of each French Guarantor are subject to:

- certain exceptions, including to the extent of any obligations that would constitute prohibited financial assistance within the meaning of Article L. 225 216 of the French Commercial Code or infringement of the provisions of Articles L. 241-3, L. 242-6 or L. 244-1 of the French Commercial Code; and
- French corporate benefit rules.

Under French financial assistance rules, a company is prohibited from extending credit or guaranteeing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition.

Under French corporate benefit rules, a guarantor must receive an actual and adequate benefit from the transaction involving the granting by it of the guarantee, taken as a whole. A court could declare any guarantee unenforceable and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if it found that these criteria were not fulfilled. The existence of a real and adequate benefit to the guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance.

Accordingly, each of the guarantees by the French Guarantors which are subsidiaries of the Issuer and the amounts recoverable thereunder will be limited, at any time, to an amount equal to the aggregate of the proceeds of the Notes to the extent directly or indirectly on-lent by the Issuer, or used to refinance any indebtedness previously directly or indirectly on-lent, to that French Guarantor or any of its subsidiaries under intercompany loans or similar arrangements and outstanding on the date a payment is requested to be made by such French Guarantor under its Guarantees. Any payment made by such French Guarantor under its Guarantees in respect of the obligations of any other obligor shall reduce *pro tanto* the outstanding amount of the intercompany loans due by such French Guarantor or its subsidiaries under the intercompany loan arrangements referred to above. By virtue of this limitation, a French Guarantor's obligation under the Guarantees could be significantly less than amounts payable with respect to the Notes, or a French Guarantor may have effectively no obligation under its Guarantees.

In addition, if a French Guarantor receives, in return for issuing the Guarantee, an economic return that is less than the economic benefit such French Guarantor would obtain in a transaction entered into on an arm's-length basis, the difference between the actual economic benefit and that in a comparable arm's length transaction could be taxable under certain circumstances.

***Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral***

Under French law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the Security Agent, fail or are unable to take the actions required to perfect any of these liens. Furthermore, it should be noted that neither the Trustee nor the Security Agent shall have any obligation to take any steps or action to perfect any of these liens. In particular, pledges over the securities of French subsidiaries in the form a stock company (*société par actions*) that are governed by French law consist of pledges over a securities account (*nantissement de compte de titres*) in which the relevant securities are registered. The securities account pledges will be validly established after execution of a statement of pledge (déclaration de nantissement de compte de titres financiers) by each security provider in favor of the Security Agent. Each statement of pledge will have to be registered in the relevant shareholder's account (*compte d'actionnaire*) and shares registry (*registre de mouvement de titres*) of each French Guarantor. In France, no lien searches are available for security interests that are not publicly registered, with the result that no assurance can be given on the priority of a security interest if it is not publicly registered.

***Limitations on enforcement of security interests and cash amount ("soulte")***

Security interests governed by French law may only secure a creditor up to the secured amount that is due and unpaid to it. Pledges over securities (whether in the form of a pledge over securities account or in the form of a pledge over shareholding interests (*parts sociales*)) may generally be enforced at the option of the secured creditors either (i) by way of a sale of the pledged securities in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*pacte commissoire*) of the pledged securities to the secured creditors, following which the secured creditors become the legal owner of the pledged securities. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. Such value is determined either by the court in the context of a judicial attribution or by a pre-contractually agreed expert in the context of a contractual foreclosure. If the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the securities as so determined and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured in that respect.

An enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities since the latter will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies.

***Security Agent***

Ordinance n°2017-748 dated 4 May 2017 clarifies and modernizes the status of the French security agent (*agent des sûretés*) by repealing former Article 2328-1 of the French Civil Code and by creating a new regime for the agent specifically designated for the purpose of taking, managing and enforcing security interest and personal guarantees in the context of financing arrangements. This new regime applies to security agents appointed after 1st October 2017. New Articles 2488-6 to 2488-12 of the French Civil Code allow the creation of security interests and personal guarantees for the direct benefit of a security agent, which will hold such rights separately from its own estate. As a result, the rights of secured creditors under security interests and personal guarantees will be ring fenced if the security agent is the subject of insolvency proceedings (except in cases of fraud or in cases of the exercise of a right of pursuit (*droit de suite*) of a creditor). The security agent will remain liable for gross negligence or willful misconduct in the performance of its duties. The security agent can take all legal actions to protect the secured creditor's interests and file a receivable on behalf of one or several creditors in a debtor's insolvency proceeding. The security agent must be appointed pursuant to a written agreement specifying its quality, its duties, the duration of its duties and its powers.

***Parallel debt—trust***

Under French law—prior to the recent reform of the security agent regime, as described above -, the pledgee of a French law security interest and the creditor of the claim secured by such security interest are required to be the same person. Such security interest cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 of the French Civil Code.

The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, there will be provided for the creation of "parallel debt" obligations in favor of the Security Agent (the "Parallel Debt") that mirror the obligations of the Issuer and the Guarantors (as principal obligors) to the holders of the Notes under or in connection with the Indenture (the "Principal Obligations").

The Parallel Debt will at all times be in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Pursuant to the Parallel Debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by French law will directly secure the Parallel Debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The holders of the Notes will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent (even if they are in some instances direct beneficiaries of the security interests in the Collateral).

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (Cass. com. September 13, 2011 n°10-25533 Belvédère) relating to a bond documentation governed by New York law. Such a decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt. In particular, the French Supreme Court upheld the proof of claim of the legal holders of a Parallel Debt claim, considering that it did not contravene French international public policy (*ordre public international*) rules. The ruling was made on the basis that the French debtor was not exposed to double payment or artificial liability as a result of the Parallel Debt mechanism. Although this court decision is generally viewed by legal practitioners and academics as a recognition by French courts of Parallel Debt structures in such circumstances, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the security interests in the Collateral created to the benefit of the Security Agent as Parallel Debt creditor under the Parallel Debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The Trustee has certain assigned duties and rights under the Indenture that become particularly important following Defaults or Events of Default (each as defined therein), and acts as trustee in the interests of the holders of the Notes.

The concept of "trust" has been recognized by the French Tax Code and the French Supreme Court (*Cour de cassation*), which has held, in the same published decision referred to above (Cass. com. September 13, 2011 n°10-25533 Belvédère) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings commenced in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985 on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law.

The Security Documents are granted to the benefit of, inter alia, the Security Agent. To the extent that the security interests in the Collateral created to the benefit of the Security Agent are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Trustee or the Security Agent.

***Fraudulent conveyance***

French law contains specific, *action paulienne* provisions dealing with fraudulent conveyance both in and outside insolvency proceedings. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such debtor guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such debtor's or a third party's obligations, enters into additional agreements benefiting from existing security or any other legal act having similar effect) can be challenged in or outside insolvency proceedings of such debtor by the creditors' representative (*mandataire judiciaire*), the commissioner of the safeguard or reorganization plan (*commissaire à l'exécution du plan*), or by any of the creditors of such debtor outside the insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings. Any such legal act may be declared unenforceable against third parties if: (i) the debtor performed such act without an obligation to do so; (ii) the relevant creditor or (in the case of the debtor's insolvency proceedings) any creditor was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the legal act was performed, both the debtor and the counterparty to the transaction knew or should have known that one or more of such debtor's creditors (existing or future) would be prejudiced in their means of recovery (where the legal act was entered into for no consideration (*à titre gratuit*), no such knowledge of the counterparty is necessary). If a court found that the issuance of the Notes, the grant of the security interests in the Collateral or the granting of a Guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes, the granting of the security interests in the Collateral or the granting of such Guarantee could be declared unenforceable against third parties or declared unenforceable against the creditor who lodged the claim in relation to the relevant act. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes, the Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes, the security interests in the Collateral or the Guarantees could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

***Recognition of intercreditor arrangements by French courts***

There is no law or published decision of the French courts of appeal or of the French Supreme Court (*Cour de cassation*) on the validity or enforceability of the obligations of an agreement such as the Intercreditor Agreement, except for Article L. 626-30-2 of the French Commercial Code which states that, in the context of safeguard or judicial reorganization proceedings, the safeguard or continuation plan which is put to the vote of the creditors' committees takes into consideration (*prend en compte*) the provisions of subordination agreements between creditors which were entered into prior to the commencement of the proceedings. As a consequence, except to the extent referred to above (which, as at the date of this Offering Memorandum, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the Intercreditor Agreement.

***Recognition of validity of second or lower ranking financial securities account pledges by French courts***

The Intercreditor Agreement provides for a mechanism allowing the implementation of second or lower ranking pledges over financial securities accounts.

A pledge over the shares of a stock company (*société par actions*) governed by French law is a pledge over the relevant securities account (*nantissement de compte de titres financiers*) in which the shares of such company are registered. In France, no lien searches are available for security interests that are not registered, in official ledgers such as pledges over securities accounts (*nantissements de comptes de titres financiers*). As a result, no assurance can be given on the priority of a pledge over a securities account in which the shares of such a company are registered.

Moreover, a pledge over securities accounts is deemed, under French law, to remove the securities account from the possession of the grantor, thereby preventing such grantor from granting a second or lower ranking pledge thereon. The second or lower ranking pledge over the shares of such a company will therefore provide that the possession of the securities account is transferred to the custody of an agreed third party as "*tiers convenu*" (*entiercement*), that the first ranking and second or lower ranking secured parties have consented to the creation of second or lower ranking pledge and that the first ranking secured parties have accepted their appointment as *tiers convenu* and hold the pledged securities as custodian for the benefit of both the first ranking and the second or lower ranking secured parties. This structure has not been tested before the French courts and no assurance can be given that such second or lower ranking pledges would be upheld if tested. Therefore, there is a risk that the second or lower ranking pledge over the securities account in which the shares of such company are respectively registered may be held void or unenforceable by a French court, which in turn could materially adversely affect the recovery under the Notes or Guarantees (as applicable) following an enforcement event.

***Assumptions as to the enforceability of second ranking bank accounts pledges over the bank accounts***

Certain pledges over the bank accounts are governed by French law. In France, no lien searches are available for security interests that are not registered in official ledgers, such as pledges over bank accounts. As a result, no assurance can be given on the priority of the pledges over the relevant bank accounts of a company.

Although French law does not expressly prohibit the grantor of a pledge over a bank account from granting a second or lower ranking pledge over the same bank account, this structure has not been tested before the French courts and no assurance can be given that such second or lower ranking pledges would be upheld if tested.

***Grand Duchy of Luxembourg***

The Luxembourg Security Providers are incorporated under the laws of Luxembourg and are in principle also subject to Luxembourg insolvency law. The following is a brief description of certain aspects of Luxembourg insolvency laws.

Under Luxembourg law, the following types of proceedings (collectively referred to as "insolvency proceedings") may be commenced against a company with a registered office in Luxembourg having its COMI in Luxembourg or an establishment in Luxembourg within the meaning of the EU Insolvency Regulation (in relation to secondary proceedings):

- insolvency proceedings (*faillite*), the opening of which may be requested by the company or by any of its creditors. Following such a request, the courts having jurisdiction may commence insolvency proceedings if the Issuer: (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may open insolvency *proceedings ex officio* (absent a request made by the company or a creditor). The main effect of such proceedings is the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon foreclosure of the assets;

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors and under which a court may order a provisional suspension of payments, including a stay of enforcement of claims by secured creditors. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company's liabilities in order to take effect. Furthermore, declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings; or

- composition proceedings (*concordat préventif de faillite*), the opening of which may only be requested by the company (subject to obtaining the prior consent of the majority of its creditors holding 75% at least of the claims against such company) and not by its creditors themselves. The court's decision to admit a company to composition proceedings triggers a provisional stay on enforcement of claims by creditors.

In addition to these insolvency proceedings, your ability to receive payment on the Notes may be affected by a decision of a court to grant a reprieve from payments (*sursis de paiement*) or to put the Issuer into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity that violates criminal laws or that are in serious breach or violation of the commercial code or of the Luxembourg law dated August 10, 1915 on commercial companies, as amended (the "Luxembourg Companies Law"). The management of such liquidation proceedings generally will follow rules similar to those applicable to insolvency proceedings. Liability of the Issuer in respect of the Notes will, in the event of a liquidation of such Issuer following insolvency or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the relevant entity that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg revenue authorities;

- value-added taxes and other taxes and duties owed to the Luxembourg customs and excise authorities;

- social security contributions; and

- remuneration owed to employees.

For the avoidance of doubt, the above list is not exhaustive.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is foreclosed upon), and subject to application of the relevant priority rule and liens and privileges arising mandatorily by law.

Luxembourg insolvency laws may affect transactions entered into or payments made by the Issuer during the period before insolvency, or the suspect period (*période suspecte*), which is a maximum of six months from the date on which the Luxembourg Commercial Court formally adjudicates a person insolvent and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period preceding the judgment declaring insolvency, except that in certain specific situations the court may set the start of the suspect period at an earlier date, if the insolvency judgment was preceded by another insolvency proceeding (e.g., a suspension of payments or controlled management proceedings) under Luxembourg law.

In particular:

- pursuant to Article 445 of the Luxembourg Code of Commerce (Code de Commerce), specified transactions (such as the granting of a security interest for antecedent debts; the payment of debts that have not fallen due; whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts that have fallen due by any means other than in cash or by a bill of exchange; or the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;

- pursuant to Article 446 of the Luxembourg Code of Commerce, payments made for matured debts as well as other transactions concluded during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the insolvent party’s cessation of payments;

- regardless of the suspect period, Article 448 of the Luxembourg Code of Commerce and Article 1167 of the Luxembourg Civil Code (*action paulienne*) give any creditor the right to challenge any fraudulent payments and transactions made prior to the insolvency; and

- pursuant to Article 21(2) of the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements, as amended (the “Luxembourg Collateral Law”), a financial collateral arrangement entered into after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures is valid and binding against third parties, administrators, insolvency receivers or liquidators notwithstanding the suspect period referred to in Articles 445 and 446 of the Luxembourg Code of Commerce, if the secured party proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of it.

In principle, an insolvency order rendered by a Luxembourg court does not result in automatic termination of contracts except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the insolvency order. However, the insolvency receiver may choose to terminate certain contracts so as to avoid worsening the financial situation of the company. As of the date of adjudication of insolvency, no interest on any unsecured claim will accrue vis-à-vis the insolvency estate. Insolvency proceedings may therefore have a material adverse effect on a Luxembourg company’s business and assets and on the Issuer’s obligations under the Notes.

The insolvency receiver decides whether or not to continue performance under ongoing contracts (i.e., contracts existing before the insolvency order). The insolvency receiver may elect to continue the business of the debtor, provided the insolvency receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

- the parties to an agreement may contractually agree that the occurrence of an insolvency constitutes an early termination or acceleration event; and

- *intuitu personae* contracts (i.e., contracts where the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the insolvency judgment since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

The insolvency receiver may elect not to perform the obligations of the insolvent party that are still to be performed after the insolvency under any agreement validly entered into by the insolvent party prior to the insolvency. The counterparty to that agreement may make a claim for damages in the insolvency and such claim will rank *pari passu* with claims of all other unsecured creditors and/or seek a court order to have the relevant contract dissolved. The counterparty may not require specific performance of the contract.

International aspects of Luxembourg insolvency, controlled management or voluntary arrangement with creditors' proceedings may be subject to the EU Insolvency Regulation.

Pursuant to the EU Insolvency Regulation, the court that shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its COMI is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

The term "centre of main interests" is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its COMI in the Member State in which it has its registered office, Preamble 30 of the EU Insolvency Regulation states that the COMI of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." In that respect, factors such as where board meetings are held, the location where a company conducts the majority of its business and the location where the majority of a company's creditors are established may all be relevant in the determination of the place where a company has its COMI. The time when a company's COMI is determined is at the time that the relevant insolvency proceedings are opened.

If the COMI of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be opened in such jurisdiction, and, accordingly, a court in such jurisdiction would be entitled to open the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one Member State under the EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the COMI of a debtor is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "secondary proceedings" only in the event that such debtor has an "establishment" (in the meaning of the EU Insolvency Regulation) in the territory of such other Member State. The effects of those secondary proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If a company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation.

If the Issuer's COMI is deemed to be outside Luxembourg, courts of such other jurisdictions may have jurisdiction over the insolvency proceedings of the Issuer.

***Security interests considerations***

According to Luxembourg conflict of law rules, the courts in Luxembourg will generally apply the *lex rei sitae* or *lex situs* (the law of the place where the assets or subject matter of the pledge or security interest is situated) in relation to the creation, perfection and enforcement of security interests over such assets. As a consequence, Luxembourg law will apply in relation to the creation, perfection and enforcement of security interests over assets located or deemed to be located in Luxembourg, such as registered shares in Luxembourg companies, bank account held with a Luxembourg bank, receivables or claims governed by Luxembourg law or having debtors located in Luxembourg, tangible assets located in Luxembourg, securities that are held through an account located in Luxembourg, bearer securities physically located in Luxembourg, etc.

If there are assets located or deemed to be located in Luxembourg, the security interests over such assets will be governed by Luxembourg law and must be created, perfected and enforced in accordance with Luxembourg law. The Luxembourg Collateral Law governs the creation, validity, perfection and enforcement of pledges over shares, bank account and receivables located or deemed to be located in Luxembourg.

Under the Luxembourg Collateral Law, the perfection of security interests depends on certain registration, notification and acceptance requirements. Article 11 of the Luxembourg Collateral Law sets forth the following enforcement remedies available upon the occurrence of an enforcement event:

- the direct appropriation of the pledged assets at (i) a value determined in accordance with a valuation method agreed upon by the parties or (ii) the listing price of the pledged assets;
- a sale of the pledged assets (i) in a private transaction on commercially reasonable terms (conditions *commerciales normales*), (ii) by a public sale at the stock exchange or (iii) by way of a public auction;
- a court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or
- set-off between the secured obligations and the pledged assets.

As the Luxembourg Collateral Law does not provide any specific time periods and depending on (i) the method chosen, (ii) the valuation of the pledged assets, (iii) any possible recourse and (iv) the possible need to involve third parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the security interests might be substantially delayed.

Foreign law-governed security interests and the powers of any receivers or administrators may not be enforceable in respect of assets located or deemed to be located in Luxembourg. Security interests or arrangements, which are not expressly recognized under the Luxembourg Collateral Law and the powers of any receivers or administrators, might not be recognized or enforced by the Luxembourg courts, particularly where the Luxembourg security grantor becomes subject to Luxembourg insolvency proceedings or where the Luxembourg courts otherwise have jurisdiction because of the actual or deemed location of the relevant rights or assets, except if "main insolvency proceedings" (as defined in the EU Insolvency Regulation) are opened under Luxembourg law and such security interests or arrangements constitute rights in rem over assets located in another Member State in which the EU Insolvency Regulation applies, and in accordance with Article 8 of the EU Insolvency Regulation.

The perfection of the security interests created pursuant to the pledge agreements does not prevent any third-party creditor from seeking attachment or execution against the assets, which are subject to the security interests created under the pledge agreements, to satisfy their unpaid claims against the pledgor. Such creditor may seek the forced sale of the assets of the pledgors through court proceedings, although the beneficiaries of the pledges will in principle remain entitled to priority over the proceeds of such sale (subject to preferred rights by operation of law).

Under Luxembourg law, certain creditors of an insolvent party have rights to preferred payments arising by operation of law, some of which may, under certain circumstances, supersede the rights to payment of secured or unsecured creditors, and most of which are undisclosed preferences (*privilèges occultes*). This includes, in particular, the rights relating to fees and costs of the insolvency official as well as any legal costs, the rights of employees to certain amounts of salary, and the rights of the Treasury and certain assimilated parties (such as social security bodies), which preferences may extend to all or part of the assets of the insolvent party. This general privilege takes in principle precedence over the privilege of a pledgee in respect of pledged assets.

***Financial assistance***

Any security interests granted by Luxembourg entities, which constitute breach of the provisions on financial assistance as defined by Article 430-19 of the Luxembourg Companies Law or any other similar provisions, might not be enforceable.

***Registration in Luxembourg***

The registration of the Notes, the Security Documents, the Indenture and the transaction documents (and any document in connection therewith) with the Administration de l'Enregistrement et des Domaines in Luxembourg is not required. Where the Notes, the Security Documents, the Indenture and the transaction documents (and any document in connection therewith) are (i) voluntarily presented to the registration formalities or (ii) appended to a document that requires mandatory registration, either a nominal registration duty or an ad valorem duty (or, for instance, 0.24% of the amount of the payment obligation mentioned in the document so registered) will be payable depending on the nature of the document to be registered. No ad valorem duty is payable in respect of security interest agreements, which are subject to the Luxembourg Collateral law.

The Luxembourg courts or the official Luxembourg authority may require that the Notes, the security documents, the Indenture and the transaction documents (and any document in connection therewith) and any judgment obtained in a foreign court be translated into French or German.

*Service of process*

As there is no treaty in force on the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and Luxembourg, courts in Luxembourg will not automatically recognize and enforce a final judgment rendered by a U.S. court. A valid judgment against an issuer incorporated in Luxembourg with respect to the Notes obtained from a court of competent jurisdiction in the United States, which judgment remains in full force and effect after all appeals that may be taken in the relevant state or federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court of competent jurisdiction of Luxembourg, subject to compliance with the enforcement procedures (*exequatur*) set forth in Article 678 *et seq*. of the Luxembourg New Code of Civil Procedure (Nouveau Code de Procédure Civile), being:

- the U.S. court has applied to the dispute the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the U.S. court order or judgment must not result from an evasion of Luxembourg law (*fraude à la loi*);
- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matters under its applicable rules, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is enforceable (*exécutoire*) in the jurisdiction in which the decision has been rendered;
- the judgment was obtained in compliance with the rights of the defendant, i.e., following proceedings at which the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, could present a defense; and
- the judgment does not contravene international public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature.

If an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law and notably if its application contravenes Luxembourg's international public policy. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought. Also, an exequatur may be refused in respect of punitive damages. Furthermore, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than euro, a Luxembourg court would have the power to give judgment expressed as an order to pay in a currency other than euro. However, enforcement of the judgment against any party in Luxembourg would be available only in euro and for such purposes all claims or debts would be converted into euro.

## PLAN OF DISTRIBUTION

### General

The Issuer, the Guarantors and the Initial Purchasers will enter into a purchase agreement to be dated as of the date of this Offering Memorandum (the "Purchase Agreement"). Subject to the terms and conditions set forth in the Purchase Agreement, the Issuer has agreed to sell to the Initial Purchasers and the Initial Purchasers have agreed, severally and not jointly, to purchase from the Issuer, the entire principal amount of the Notes.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover page of this Offering Memorandum. The Initial Purchasers may change the prices at which the Notes are offered and any other selling terms at any time without notice. The Initial Purchasers may offer and sell the Notes through certain of their affiliates and agents, including in respect of sales into the United States.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and our counsel. The Purchase Agreement also provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price set forth on the cover page hereof. Sales of the Notes may be made through affiliates of the Initial Purchasers or through registered brokers.

Investment funds or accounts advised or managed by entities affiliated with Bain Capital LLC may purchase Notes in the Offering at a purchase price per Note equal to the issue price set forth on the cover page of this Offering Memorandum and in the case of investment funds registered under the Investment Company Act of 1940, as amended (the "1940 Act"), subject to the limitations of the 1940 Act. The Purchase Agreement between the Issuer and the Initial Purchasers will not restrict the ability of the funds and the affiliates of Bain Capital LLC to buy or sell the Notes in the future and, as a result, these investment funds and affiliates of Bain Capital LLC may buy or sell Notes, subject to applicable securities laws, in open market transactions at any time following the consummation of the Offering.

#### *Notes are not being registered*

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or any state securities laws. The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the U.S. Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). Each purchaser of the Notes will be deemed to have made acknowledgements, representations and agreements described under "*Transfer restrictions*." The Initial Purchasers will not offer or sell the Notes except to persons they reasonably expect to be qualified institutional buyers or pursuant to offers and sales in offshore transactions in reliance on Regulation S. Resales of the Notes are restricted as described under "*Transfer restrictions*."

Each Initial Purchaser has represented that it (i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes and the Guarantees may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase Notes in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to this Offering, the distribution of this Offering Memorandum and the resale of the Notes. See "*Transfer restrictions*."

The Issuer and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

### *No sale of similar securities*

We have agreed not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guarantee by, the Issuer and the Guarantors or any of their respective subsidiaries or affiliates (other than any securities issued by any funds managed or controlled by Bain Capital or entities controlled by such funds that have no relationship or connection otherwise with the Issuer, the Guarantors or their respective subsidiaries or holding companies but are affiliates solely due to the fact that Bain Capital has an equity interest in such entity) that are substantially similar to the Notes during the period from the date of the Purchase Agreement through and including the date falling 45 days after the date of this Offering Memorandum without prior written consent.

### *New issue of securities*

Currently there is no public market for the Notes. Application will be made to the Authority to list the Notes on the on the Official List of the Exchange. No certainty can be given that this application will be granted, and we cannot assure you that an active trading market for the Notes will develop.

The Initial Purchasers of the Notes have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price that will be favorable to you. See "*Risk factors—Risks related to our indebtedness and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*."

### *Initial settlement*

We expect that delivery of the Notes will be made against payment on the respective Notes on or about the date specified on the cover page of this Offering Memorandum, which will be the business day (as such term is used for purposes of Rule 15(c)6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (such settlement cycle being referred to as "T+ "). Under Rule 15c6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding business days will be required, by virtue of the fact that the Notes will initially settle in T+ , to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing should consult their own advisors.

### *Price stabilization and short positions*

In connection with this Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may over-allot the Notes or effect transactions, for a limited period after the Issue Date, with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. The Stabilizing Manager may bid for and purchase Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager may also create syndicate short positions, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk factors—Risks related to our indebtedness and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*."

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. Any such stabilizing action, if begun, may be ended at any time, but must end no later than the earlier of 30 calendar days after the Issue Date and 60 calendar days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise. See "*Risk factors—Risks related to our indebtedness and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*."

***Other relationships***

Certain of the Initial Purchasers and/or their affiliates are mandated lead arrangers and original lenders under our Revolving Credit Facility Agreement and are or will be counterparties in the hedging arrangements we expect to roll over and carry forward or enter into in connection with the Notes. Certain of the Initial Purchasers are lenders under our PGE Loan. The relevant Initial Purchasers and their affiliates receive customary fees and commissions in such capacities.In addition, the Initial Purchasers or their respective affiliates from time to time have provided in the past and may currently be providing and may provide in the future, investment banking, commercial lending, consulting and advisory services to us and our affiliates in the ordinary course of business, for which they have received or may receive customary fees and commissions. Also, certain Initial Purchasers and/or their respective affiliates have various bilateral commitments and exposures to entities in our Group.

In the ordinary course of their business activities, the Initial Purchasers and their affiliates may also make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments, securities or financial instruments activities may involve securities and/or instruments of ours or our affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us or our affiliates routinely hedge their credit exposure consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including (potentially) the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

## TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

### General

The Issuer has not registered and will not register the Notes under the U.S. Securities Act or any state securities laws and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes are only being offered and sold:

- in the United States to "qualified institutional buyers" or "QIBs" (as defined in Rule 144A) in compliance with Rule 144A; and
- outside the United States in offshore transactions in accordance with Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

### Important information about this Offering

If you purchase Notes, you will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

1. You understand and acknowledge that the Notes have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other state securities laws, including sales pursuant to Rule 144A and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.
2. You are not an "affiliate" (as defined in Rule 144A) of the Issuer or acting on behalf of the Issuer and you are either:
   (a) a QIB and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or
   (b) purchasing the Notes in an offshore transaction in accordance with Regulation S.
3. You acknowledge that none of the Issuer, the Guarantors or the Initial Purchasers or any person representing any of them has made any representation to you with respect to the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that no person, including none of the Initial Purchasers or any person representing the Initial Purchasers, other than the Issuer makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and our subsidiaries and the Notes as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.
4. You are purchasing these Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell these Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the U.S. Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Rule 144A Notes, and each subsequent holder of the Rule 144A Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Rule 144A Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the Issue

Date and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) only:

(a) to us, the Guarantors or any of our subsidiaries;

(b) pursuant to a registration statement that has been declared effective under the U.S. Securities Act;

(c) for so long as these Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB who purchases for its own account or for the account of a QIB to whom you give notice that the transfer is being made in reliance on Rule 144A;

(d) pursuant to offers and sales occurring outside the United States within the meaning of Regulation S; or

(e) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act;

subject, in each of the foregoing cases, to any requirements of law that the disposition of your property or the property of your investor account or accounts be at all times within your or their control, and in compliance with any applicable state securities laws, and any applicable local laws and regulations.

You acknowledge that the Issuer, the Trustee, the Registrar and Transfer Agent reserve the right prior to any such offer, sale or transfer of the Notes (i) pursuant to clause (d) or (e) above to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (ii) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each 144A Note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTES, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THE NOTES (OR ANY PREDECESSOR OF THE NOTES) ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE

REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE; AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT."

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

5. You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.

6. You acknowledge that:

   (a) the Issuer, the Initial Purchasers and others, will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and

   (b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

      (i) you have sole investment discretion; and

      (ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.

7. You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

8. You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Plan of distribution."

9. You acknowledge that until 40 days after the commencement of this Offering, any offer, sale or transfer of the Notes within the United States by a dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

10. You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made upon your purchase of the Notes are no longer accurate, you shall promptly notify the Initial Purchasers in writing. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to such investor account and that you have full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such investor account.

## LEGAL MATTERS

Certain legal matters will be passed upon for us by Kirkland & Ellis International LLP, as to matters of U.S. federal law, New York state law and English law; Arendt & Medernach S.A., as to matters of Luxembourg law; and Latham & Watkins A.A.R.P.I., as to matters of French law. Certain partners in Kirkland & Ellis LLP and Kirkland & Ellis International LLP are members of a limited partnership that is an investor in one or more investment funds affiliated with Bain Capital. Kirkland & Ellis LLP and Kirkland & Ellis International LLP represent entities affiliated with Bain Capital in connection with certain other legal matters. Certain legal matters will be passed upon for the Initial Purchasers by Milbank LLP, as to matters of U.S. federal law, New York state law and English law, Gide Loyrette Nouel A.A.R.P.I., as to matters of French law; and Elvinger Hoss Prussen, société anonyme, as to matters of Luxembourg law.

## INDEPENDENT AUDITORS

The consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2018, have been audited by Constantin Associés (a member of Deloitte Touche Tohmatsu Limited) and Ernst & Young et Autres, independent auditors. The consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2019 have been audited by Deloitte & Associés and Ernst & Young Audit, independent auditors. The unaudited interim condensed consolidated financial statements of the Parent Guarantor as of and for the three months ended March 31, 2020 have been reviewed by Deloitte & Associés and Ernst & Young Audit. The reports related to the interim consolidated financial statements for the three months ended March 31, 2020 and the consolidated financial statements of the Parent Guarantor for the years ended December 31, 2018 (which includes the comparative figures for the year ended December 31, 2017) and 2019 are included herein.

Constantin Associés (a member of Deloitte Touche Tohmatsu Limited), Deloitte & Associés, Ernst and Young Audit and Ernst & Young et Autres are members of the Compagnie régionale des commissaires aux comptes of Versailles.

## ENFORCEABILITY OF JUDGMENTS

The Issuer and the Guarantors are organized under the laws of France and certain security providers are incorporated under the laws of Luxembourg. Each of the documents relating to the Collateral for the Notes will be governed by the laws of France or Luxembourg, as applicable. The Indenture (including the Guarantees) and the Notes are governed by New York law. The Intercreditor Agreement is governed by English law. Some of the directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Since substantially all the assets of the Issuer and the Guarantors, and those of their respective directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer, the Guarantors or a security provider, investors will need to enforce such judgment in jurisdictions in which the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which the Issuer, the Guarantors and certain security providers are located, you should consult your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

### France

The Issuer and the Guarantors are entities organized under the laws of France with their registered offices or principal places of business in France (the "French Entities"). The directors, officers and other executives of the French Entities are neither residents nor citizens of the United States (the "French Individuals"). Furthermore, most of the assets of the French Entities or the French Individuals are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons and entities, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws within the United States. However, it may be possible for investors to effect service of process within France upon those persons or entities, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

The following is a summary of certain legal aspects of French law regarding the enforcement of civil law claims connected with the Notes against French entities and/or French individuals.

The United States and France are not parties to a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, would not directly be recognized or enforceable in France.

A party in whose favor such judgment was rendered could initiate enforcement proceedings (exequatur) in France before the relevant civil court (*Tribunal Judiciaire*) that has exclusive jurisdiction over such matter.

Enforcement in France of such U.S. judgment could be obtained following proper (i.e., non ex parte) proceedings if such U.S. judgment is enforceable in the United States and if the French civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law as of the date of this Offering Memorandum, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter because the dispute is clearly connected to the jurisdiction of such court (i.e., there was no international forum shopping), the choice of the U.S. court was not fraudulent and the French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case, including fair trial rights; and
- such U.S. judgment is not tainted with fraud under French law.

In addition to these conditions, it is well established that only final and binding foreign judicial decisions (i.e., those having a res judicata effect) can benefit from an exequatur under French law, that such U.S. judgment should not conflict with a French judgment or a foreign judgment that has become effective in France, and there is no proceedings pending before French courts at the time enforcement of the U.S. judgment is sought and having the same or similar subject matter as such U.S. judgment.

If the French civil court is satisfied that such conditions are met, the U.S. judgment will benefit from the res judicata effect as of the date of the decision of the French civil court and will thus be declared enforceable in France. However, the decision granting the exequatur is subject to appeal.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of July 26, 1968, as modified by French law No. 80-538 of July 16, 1980 and French Ordinance No. 2000-916 of September 19, 2000 (relating to the communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Pursuant to the regulations above, the U.S. authorities would have to comply with international (the 1970 Hague Convention on the Taking of Evidence Abroad) or French procedural rules to obtain evidence in France or from French persons.

Similarly, French and European data protection rules (law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as amended and Regulation (EU) 2016/479 of April 27, 2016) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

Furthermore, if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French rules of conflict (including the law chosen by the parties to govern their contract) if the application of such law (in the case at hand) is deemed to contravene French international public policy (as determined on a case-by-case basis by French courts). Furthermore, in an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Pursuant to Article 14 of the French Civil Code, a French national (either a company or an individual) can sue a foreign defendant before French courts in connection with the performance of obligations contracted by the foreign defendant in France with a French person or in a foreign country with French individuals. Pursuant to Article 15 of the French Civil Code, a French national can be sued by a foreign claimant before French courts in connection with the performance of obligations contracted by the French national in a foreign country with the foreign claimant (Article 15). For a long time, case law has interpreted these provisions as meaning that a French national, either claimant or defendant, could not be forced against its will to appear before a jurisdiction other than French courts. However, according to case law, the French courts' jurisdiction over French nationals is not mandatory to the extent that an action has been commenced before a court in a jurisdiction that has sufficient contact with the dispute and the choice of jurisdiction is not fraudulent. In addition, a French national may waive its rights to benefit from the provisions of Articles 14 and 15 of the French Civil Code, including by way of conduct by voluntarily appearing before the foreign court.

It must be noted that under Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of December 12, 2012, regarding legal actions falling within the scope of said Regulation, the privileges granted to French nationals pursuant to Articles 14 and 15 of the French Civil Code may not be invoked against a person domiciled in an EU Member State. Conversely, pursuant to Article 6.2 of Regulation (EU) No. 1215/2012, the privilege granted by Article 14 of the French Civil Code may be invoked by a claimant domiciled in France, regardless of the claimant's nationality, to sue before French courts a defendant domiciled outside the European Union. The French Supreme Court (Cour de cassation) has recently held that a contractual provision submitting one party to the exclusive jurisdiction of a court and giving another party the discretionary option to choose any competent jurisdiction was invalid. Accordingly, any provisions to the same effect in any relevant documents would not be binding on the party submitted to the exclusive jurisdiction of the court or prevent a French party from bringing an action before the French courts.

**Luxembourg**

The Luxembourg Security Providers are incorporated and established under the laws of the Grand Duchy of Luxembourg. All of their assets are located outside the United States. Furthermore, none of their directors or managers resides in the United States. As a result, investors may find it difficult to effect service of process within the United States upon the Luxembourg Security Providers or these persons or to enforce outside the U.S. judgments obtained against the Luxembourg Security Providers or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for an investor to enforce U.S. courts' judgments obtained against the Luxembourg Security Providers or these persons in courts located in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against the Luxembourg Security Providers or these persons. Luxembourg law, furthermore, does not recognize a shareholder's right to bring a derivative action on behalf of the Issuer. Furthermore, a contractual provision allowing the service of process against a party to a service agent could be overridden by Luxembourg statutory provisions allowing the valid serving of process against a party in accordance with applicable laws at the domicile of the party.

The Indenture and the Notes will be governed by the laws of the State of New York. According to Luxembourg case law, a judgment rendered in respect of the Notes by a court of competent jurisdiction in the State of New York would be recognized and enforced by a Luxembourg court, without reconsideration of the merits, subject to the following conditions:

- the judgment of the U.S. court must be enforceable (*exécutoire*) in the United States;
- the U.S. court must have had jurisdiction according to the Luxembourg conflict of jurisdiction rules;
- the U.S. court must have applied to the matter submitted to it the proper law designated by the Luxembourg conflict of laws rules (although some first instance decisions rendered in Luxembourg, which have not been confirmed by the Luxembourg Court of Appeals, no longer apply this condition);
- the judgment of the U.S. court must not have been obtained fraudulently, and must have been made in compliance with procedural rules of the country in which it was rendered and, in particular, the rights of the defendant; and
- the judgment of the U.S. court must not be contrary to Luxembourg public policy.

The enforcement in Luxembourg of a judgment rendered in respect of the Indenture or the Notes by a court of competent jurisdiction in the State of New York will be subject to the rules of civil and commercial procedure as applied by the courts of Luxembourg. The term "enforceable" as used above is subject to all limitations by reason of liquidation, bankruptcy, insolvency, moratorium, controlled management, general settlement with creditors, reorganization or similar laws affecting the rights of creditors of the Issuer generally.

Furthermore, a foreign jurisdiction clause does not prevent the parties from initiating legal action in Luxembourg courts to the extent that summary proceedings (*référé*) seeking urgent provisional measures are concerned. Finally, notwithstanding a foreign governing law clause, Luxembourg courts would in principle have jurisdiction over any urgent provisional measures in connection with assets located in Luxembourg and such action would most likely be governed by Luxembourg law.

## WHERE YOU CAN FIND OTHER INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(i) such person has been afforded an opportunity to request from the Issuer, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;

(ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its decision to invest in the Notes; and

(iii) except as provided pursuant to (i) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We have agreed in the Indenture that, if at any time we are not subject to Section 13 or Section 15(d) of the U.S. Exchange Act, or are exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, we will, upon request of a holder of the Notes, furnish to such holder or beneficial owner or to the Trustee or the Paying Agent for delivery to such holder, beneficial owner or prospective purchaser of the Notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the Notes. Any such request should be directed to the Issuer at 22 avenue Aristide Briand, 94110 Arcueil, France.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. Pursuant to the Indenture, the Issuer will, however, agree to furnish periodic information to the holders of the Notes. See "*Description of the Senior Secured Notes—Certain covenants—Reports*."

# LISTING

## Listing and general information

We currently intend to list the Notes on the Official List of the Exchange. There can be no assurance that such application will be granted. Neither the admission of the Notes to the Official List of the Exchange nor the approval of this Offering Memorandum pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy and accuracy of information contained in this Offering Memorandum or the suitability of the Issuer for investment or for any other purpose. The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

## Clearing information

The Notes have been, or will be, accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

| | ISIN | Common codes |
|---|---|---|
| Rule 144A Global Notes | XS | |
| Regulation S Global Notes | XS | |

## The Issuer

The Issuer is a private limited liability company (*société anonyme*) organized and existing under the laws of France pursuant to the French Commercial Code, with registered number 086 380 706 RCS Créteil, under the name Parts Europe S.A., having its registered office at 22, avenue Aristide Briand, 94110 Arcueil, France. The Issuer was incorporated on May 25, 2009. The principal activity of the Issuer is to act as a holding company for the Group. The Issuer is not aware of any potential conflict of interest between the duties of the persons listed as its current managers and their private interests or other duties. See "*Management*." For a full description of the principal shareholders of the Issuer, see "*Principal shareholders*."

## The Parent Guarantor

The Parent Guarantor is a private limited liability company (*société par actions simplifée*) organized and existing under the laws of France with registered number 488 077 165 RCS Créteil under the name Parts Holding Europe S.A.S. (formerly Autodis Group S.A.S.), having its registered office at 22, avenue Aristide Briand, 94110 Arcueil, France. The Parent Guarantor is the direct sole shareholder of the Issuer; see "*Principal shareholders*."

## Autodistribution S.A.S.

Autodistribution S.A.S., is a private limited liability company (*société par actions simplifiée*) organized and existing under the laws of France with registered number 962 227 351 RCS Créteil, having its registered office at 22, avenue Aristide Briand, 94110 Arcueil, France. Autodistribution S.A.S. is a directly wholly-owned subsidiary of the Issuer.

## Resolutions, authorizations and approvals by virtue of which the Notes have been issued

The Issuer and the Guarantors have obtained all necessary consents, approvals and authorizations (if any) in connection with the issuance of the Notes. The issuance of the Notes was or will be approved by resolutions of the board of directors of the Issuer prior to the Issue Date.

## Documents for inspection

The financial year of the Issuer ends on December 31 of each year. For a period of 14 days following the grant of listing of the Notes, the following documents will be obtainable free of charge, during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Listing Agent:

1. this Offering Memorandum;
2. the constitutional documents of the Issuer; and
3. the financial statements included in this Offering Memorandum.

## INDEX TO FINANCIAL STATEMENTS

**Parts Holding Europe**
Period from January 1 to March 31, 2020

**Statutory auditors' review report on the condensed consolidated interim financial statements**

| DELOITTE & ASSOCIES | ERNST & YOUNG Audit |
|---|---|
| 6, place de la Pyramide<br>92908 Paris-La Défense Cedex | Tour First<br>TSA 14444<br>92037 Paris-La Défense Cedex<br>S.A.S. à capital variable<br>438 476 913 R.C.S. Nanterre |
| Commissaire aux Comptes<br>Membre de la compagnie<br>régionale de Versailles | Commissaire aux Comptes<br>Membre de la compagnie<br>régionale de Versailles |

**Parts Holding Europe**

Period from January 1 to March 31, 2020

**Statutory auditors' review report on the condensed consolidated interim financial statements**

To the President,

In our capacity as statutory auditors of Parts Holding Europe and in accordance with your request, we have performed a review of the accompanying condensed consolidated interim financial statements for the period from January 1 to March 31, 2020.

We highlight that we have not audited or reviewed the corresponding figures relating to the period from January 1 to March 31, 2019.

These condensed consolidated interim financial statements were prepared under your responsibility on June 29, 2020 on the basis of the information available at that date in the evolving context of the health crisis related to Covid-19 and the challenges in assessing its impact and future developments. Our role is to express a conclusion on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional guidance issued by the French institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34—standard of IFRSs as adopted by the European Union applicable to interim financial information.

This report shall be governed by, and construed in accordance with French law. The courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

Paris-La Défense, July 1, 2020

The Statutory Auditors

| DELOITTE & ASSOCIES | ERNST & YOUNG et Autres |
|---|---|
| Benoit Pimont | Henri-Pierre Navas |

**Parts Holding Europe SAS**
**Condensed Consolidated Interim Financial Statements**
**For the three months ended 31 March 2020**

## TABLE OF CONTENTS



### Notes to the condensed consolidated financial statements

## Condensed consolidated income statement

| (in millions of euros) | Notes | 31 March 2020 3 months | 31 March 2019 3 months |
|---|---|---|---|
| **REVENUE** | *7.1* | **436.7** | **451.2** |
| Cost of goods sold | *7.2* | (254.1) | (263.7) |
| Personnel costs | *7.7* | (90.3) | (89.3) |
| External expenses | *7.8* | (52.6) | (55.1) |
| Taxes other than income taxes | | (6.1) | (5.5) |
| Other operating income and expenses | | (0.8) | (0.4) |
| Depreciation and amortization expenses | *8.3.1* | (23.3) | (22.8) |
| **OPERATING INCOME FROM ORDINARY ACTIVITIES** | | **9.4** | **14.4** |
| Other income from operations | | — | — |
| Other expenses from operations | *7.9* | (0.4) | (1.2) |
| **OPERATING INCOME** | | **9.0** | **13.2** |
| Financial income | | 0.1 | 0.2 |
| Financial expenses | *11.4* | (14.4) | (14.3) |
| Share of net income of equity method investees | | — | — |
| **INCOME BEFORE TAX** | | **(5.3)** | **(0.9)** |
| Income taxes | *12* | (2.1) | (3.1) |
| **NET INCOME FROM CONTINUING OPERATIONS** | | **(7.4)** | **(4.0)** |
| Net income/ (loss) from discontinued operations | | — | — |
| **NET INCOME** | | **(7.4)** | **(4.0)** |
| Attributable to: | | | |
| Owners of the parent: | | | |
| Net income/ (loss) from continuing operations | | (7.7) | (3.4) |
| Net income/ (loss) from discontinued operations | | — | — |
| Net income/ (loss) attributable to owners of the parent | | (7.7) | (3.4) |
| Non-controlling interests: | | | |
| Net income/ (loss) from continuing operations | | 0.3 | (0.6) |
| Net income/ (loss) from discontinued operations | | — | — |
| Net income/ (loss) attributable to non-controlling interests | | 0.3 | (0.6) |
| **Basic earnings/ (loss) per share (in euros per share)** | | | |
| From continuing operations | *14* | (0.210) | (0.097) |
| From discontinued operations | | — | — |
| **Diluted earnings/ (loss) per share (in euros per share)** | | | |
| From continuing operations | | (0.210) | (0.097) |
| From discontinued operations | | — | — |

## Condensed consolidated statement of comprehensive income

| (in millions of euros) | 31 March 2020 3 months | 31 March 2019 3 months |
|---|---|---|
| **NET INCOME** | **(7.4)** | **(4.0)** |
| **Items that will not be reclassified subsequently to profit/ (loss)** | | |
| Actuarial gains/ (losses) on defined benefit plans—continuing operations | 2.0 | 2.5 |
| Deferred taxes on actuarial gains/ (losses)—continuing operations | (0.5) | (0.3) |
| **OTHER COMPREHENSIVE INCOME/ (EXPENSE) FROM CONTINUING OPERATIONS ITEMS** | **1.5** | **2.2** |
| Other comprehensive income/ (expense) from discontinued operations | — | — |
| **TOTAL COMPREHENSIVE INCOME** | **(5.9)** | **(1.8)** |
| Attributable to: | | |
| Owners of the parent: | (6.2) | (1.2) |
| Non-controlling interests | 0.3 | (0.6) |

## Condensed consolidated statement of financial position

| (in millions of euros) | Notes | As of 31 March, 2020 | As of 31 December, 2019 Restated* |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill, net | *8.1* | 318.9 | 318.9 |
| Intangible assets, net | *8.2* | 308.1 | 310.7 |
| Property, plant and equipment, net | *8.3* | 274.6 | 278.1 |
| Investments in equity method investees | | 4.6 | 4.6 |
| Financial assets at fair value through income | *11* | 0.9 | 0.8 |
| Other non-current assets, net | *9* | 31.0 | 30.5 |
| Deferred tax assets | | 32.0 | 33.0 |
| **TOTAL NON-CURRENT ASSETS** | | **970.2** | **976.6** |
| Inventories, net | *7.3* | 377.0 | 361.8 |
| Trade receivables, net | *7.4* | 231.0 | 254.1 |
| Current tax receivables | | 2.7 | 5.6 |
| Other current assets, net | *7.5* | 75.1 | 60.1 |
| Cash and cash equivalents | *11.2* | 167.8 | 71.3 |
| **TOTAL CURRENT ASSETS** | | **853.6** | **752.9** |
| **TOTAL ASSETS** | | **1,823.8** | **1,729.5** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | *13* | 68.3 | 68.3 |
| Other reserves | | (7.7) | (24.1) |
| Net income attributable to owners of the parent | | (7.7) | 14.9 |
| **SHAREHOLDERS' EQUITY** | | **52.8** | **59.1** |
| **NON-CONTROLLING INTERESTS** | *13* | **4.4** | **2.5** |
| **TOTAL EQUITY** | | **57.2** | **61.6** |
| Non-current portion of borrowings and debt | *10.1.4* | 1,063.6 | 1,068.8 |
| Provisions related to employee benefits | | 30.9 | 32.4 |
| Other non-current liabilities | *10* | 10.4 | 10.0 |
| Deferred tax liabilities | | 8.4 | 8.6 |
| **TOTAL NON-CURRENT LIABILITIES** | | **1,113.3** | **1,119.7** |
| Current portion of borrowings and debt | *11.1.4* | 230.8 | 213.8 |
| Current portion of provisions | | 7.7 | 7.5 |
| Trade payables | *7.6* | 311.4 | 236.4 |
| Other current liabilities | *7.6* | 103.4 | 90.5 |
| Derivative financial instruments | *11* | — | — |
| **TOTAL CURRENT LIABILITIES** | | **653.3** | **548.2** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,823.8** | **1,729.5** |

* Adjusted of AD Bosch goodwill, including € 1.7 million inventory decrease.

## Condensed consolidated statement of changes in equity

| (in millions of euros) | Share capital | Foreign exchange gains/ (losses) | Actuarial gains/(losses) on defined benefit pension plans | Consolidated reserves | Shareholders' equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **At 31 December 2018** | **68.3** | **(0.9)** | **10.3** | **(26.3)** | **51.3** | **1.0** | **52.3** |
| Impact of first adoption of IFRIC 23 | — | — | — | (0.8) | **(0.8)** | — | **(0.8)** |
| **At 1 January 2018** | **68.3** | **(0.9)** | **10.3** | **(27.1)** | **50.4** | **1.0** | **51.5** |
| Net income for the period | — | — | — | **14.9** | **14.9** | **1.8** | **16.7** |
| Other comprehensive income/ (expense) | — | — | (1.1) | — | **(1.1)** | — | **(1.1)** |
| **Comprehensive income/ (expense)** | **68.3** | **(0.9)** | **9.2** | **(12.2)** | **64.2** | **2.9** | **67.0** |
| Other changes | — | — | — | (5.1) | **(5.1)** | **(0.1)** | **(5.2)** |
| Dividends paid | — | — | — | — | — | (0.3) | **(0.3)** |
| **At 31 December 2019** | **68.3** | **(0.9)** | **9.2** | **(17.3)** | **59.0** | **2.5** | **61.5** |
| Net income for the period | — | — | — | (7.7) | **(7.7)** | 0.3 | **(7.4)** |
| Other comprehensive income/ (expense) | — | — | 1.5 | — | **1.5** | — | **1.5** |
| **Comprehensive income/ (expense)** | **68.3** | **(0.9)** | **10.6** | **(25.0)** | **52.8** | **2.8** | **55.6** |
| Capital decrease | — | — | — | — | — | — | — |
| Other changes | — | — | — | — | — | 1.6 | **1.6** |
| Dividends paid | — | — | — | — | — | — | — |
| **At 31 March 2020** | **68.3** | **(0.9)** | **10.6** | **(25.0)** | **52.8** | **4.4** | **57.2** |

## Condensed consolidated statement of cash flows

| (in millions of euros) | Notes | 31 March 2020 3 months | 31 March 2019 3 months |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| **Net income** | | **(7.4)** | **(4.0)** |
| Adjustments for income and expenses with no cash impact | | | |
| *— Depreciation and amortization expenses* | *8.3.1* | *23.3* | *22.8* |
| *— Provisions (net of reversals)* | | *2.6* | *0.1* |
| *— Disposals and impairment of intangible assets (net of reversals)* | | *0.3* | *—* |
| *— Financial income and expenses with no cash impact* | | *9.0* | *7.9* |
| *— Other income and expenses with no cash impact* | | *0.5* | *0.8* |
| Adjustments for financial income and expenses with cash impact | | 5.4 | 6.2 |
| Income taxes | *12* | 2.1 | 3.1 |
| Changes in working capital, net | | | |
| *— Inventories* | | *(15.2)* | *(0.1)* |
| *— Trade receivables* | | *21.2* | *(28.2)* |
| *— Trade payables* | | *75.0* | *36.0* |
| *— Other receivables and payables* | | *(1.2)* | *(3.6)* |
| Income taxes paid | | — | (5.7) |
| **Net cash from (used in) operating activities—continuing operations** | | **115.6** | **35.3** |
| Net cash from (used in) operating activities—discontinued operations | | — | — |
| ***Cash flows from investing activities*** | | | |
| Acquisitions of non-current assets | *8.3.2* | (8.2) | (8.4) |
| Disposals of non-current assets | | 0.1 | 0.1 |
| Business acquisitions (net of cash acquired) | | — | — |
| Disposals of business (net of cash transferred) | | — | — |
| Other transactions | | (0.2) | (0.4) |
| **Net cash used in investing activities—continuing operations** | | **(8.4)** | **(8.6)** |
| Net cash used in investing activities—discontinued operations | | — | — |
| ***Cash flows from financing activities*** | | | |
| Dividends paid to the owners of the parent company | | — | — |
| Dividends paid to non-controlling interests of consolidated subsidiaries | | — | — |
| Dividends received from associates | | — | — |
| Repayment of capital | | — | — |
| Interest paid | | (10.3) | (9.5) |
| Interest received | | 0.1 | 0.2 |
| Increase in borrowings | | 29.6 | 174.1 |
| Repayment of borrowings | | (24.7) | (174.1) |
| Change in other financial liabilities | | — | — |
| **Net cash from (used in) financing activities—continuing operations** | | **(5.3)** | **(9.3)** |
| Net cash used in financing activities—discontinued operations | | — | — |
| **Cash and cash equivalents at beginning of period** | *11.2* | **63.5** | **77.4** |
| Change in cash and cash equivalents—continuing operations | | 101.9 | 17.4 |
| Change in cash and cash equivalents—discontinued operations | | — | — |
| Impact of currency rate fluctuations | | — | — |
| **Cash and cash equivalents at end of period** | *11.2* | **165.3** | **94.8** |
| *Of which from discontinued operations* | | — | — |

## Notes to the condensed consolidated interim financial statements

### 1 Approval of the condensed consolidated interim financial statements

On 29 May 2020, the Chairman approved Parts Holding Europe SAS's condensed consolidated interim financial statements for the three-month period ended 31 March 2020.

### 2 Information relating to the reporting entity

Parts Holding Europe SAS is a simplified joint-stock company (*société par actions simplifiée*) domiciled in France and registered with the Créteil Trade and Companies Registry under number 488 077 165. It was incorporated on 18 January 2006 under the corporate name Parts Holdings (France) SAS and subsequently changed its corporate name to "Parts Holding Europe" on 5 November 2018. The address of its registered office is 22 Avenue Aristide Briand, 94110 Arcueil, France.

The Group is a leading aftermarket light vehicle spare parts distributor and truck spare parts distributor and repairer in Western Europe, mainly active in France, Benelux and Italy. The Group operates in the independent aftermarkets of the Western European light vehicle spare parts distribution "core" aftermarket and the truck spare parts distribution and repair "core" aftermarket in France.

The Parts Holding Europe has a share capital of €68.263.141 as of 31 December 2019. As a result of the Group's acquisition on 8 December 2015, Parts Holding Europe and its subsidiaries (collectively, the "Group") are deemed subsidiaries of Dakar Acquisition SA, a Luxembourg-based limited liability company (*société anonyme*) whose registered office is located at 4, rue Lou Hemmer, L-1748 Luxembourg Findel (Luxembourg), registered with the Luxembourg Trade and Companies Registry under number B201035 as the sole shareholder of Parts Holding Europe. Dakar Acquisition SA is a subsidiary of Dakar Topco Sarl., a Luxembourg-based private limited company (*société à responsabilité limitée*) and is the ultimate parent company of the Group, who is in turn a subsidiary of Bain Capital.

### 3 Accounting policies and standards

The condensed consolidated interim financial statements of Parts Holding Europe SAS and its subsidiaries for the three-month period ended 31 March 2020 have been prepared in accordance with IAS 34 – Interim Financial Reporting. The accompanying notes therefore relate to significant events and transactions of the period and should be read in conjunction with the consolidated financial statements for the years ended 31 December 2019. The accounting policies applied as of 31 March 2020 are identical to those described in the notes to the published consolidated financial statements for the year ended 31 December 2019, unless otherwise noted.

The light vehicle and trucks spare parts distribution and repair market in which the Group operates is subject to seasonal fluctuations. The Group's results for any quarter may not necessarily be indicative of the results that may be achieved for the full financial year. The Group's quarterly results have fluctuated in the past and may fluctuate in the future, depending upon a variety of factors, including, among other things, shifts in the timing of holidays, weather conditions, competitive factors and general economic conditions.

Financial data is presented in millions of euros. It is rounded to the nearest million, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

### 3.1 Standards and interpretations adopted by the IASB effective at 31 March 2020

The accounting principles applied are consistent with those used to prepare the consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following new standards and amendments:

| Standards | Effective date |
|---|---|
| Amendments to IAS 1 and IAS 8—Definition of material | 1 January 2020 |
| Amendments to References to the Conceptual Framework in IFRS Standards | 1 January 2020 |
| Amendments to IFRS 3—Definition of a Business | 1 January 2020 |
| Amendments to IFRS 9, IAS 39 and IFRS 7—Interest rate benchmark reform | 1 January 2020 |

### 3.2 Standards and interpretations adopted by the IASB whose application is not mandatory at 31 March 2020

No standards, nor interpretations are adopted for applications after 1 January 2020.

Other standards that were newly issued but are not yet effective at 31 March 2020 are not expected to have a material impact on the Group's consolidated financial statements.

**4 Adjustment of AD Bosch Goodwill**

Parts Holding Europe acquired AD Bosch on August 5, 2019. This Spanish distributor was integrated into the 2019 consolidated financial statements. This lower than one-year period did not allow for a complete evaluation of AD Bosch group and a provisional goodwill was calculated and recorded in accordance with IFRS 3 "Business combinations".

During 2020, the calculation of goodwill is still being currently updated, and it retrospectively impacts the consolidated accounts. As at March 2020, identified adjustments impact inventory valuation for € 1.7 million & is reflected in December 2019 restated balance sheet.

**5 Scope of consolidation**

**5.1 Acquisitions and disposals in the current period**

No acquisition has been made during the course of the 1st quarter 2020.

**5.2 Acquisitions and disposals in the prior period**

For detailed descriptions of all acquisitions and disposals in the prior periods, please refer to the Note 5.1.1 of the Group's annual consolidated financial statements for the years ended 31 December 2019.

**6 Segment information**

The chief operating decision maker of the Group monitors profitability using revenue and adjusted EBITDA, a non-GAAP measure which is further defined in the section "Use of adjusted EBITDA" of this note, for the following operating segments:

- The **Light Vehicles ("LV") France** reportable segment, including headquarter costs attributable to the LV France segment.
- The **Trucks** reportable segment, including headquarters costs attributable to the Trucks segment.
- The **LV International** reportable segment, which includes the following entities:
  - (i) Belgian Doyen Group
  - (ii) Autodis Italia, which owns several acquired Italian companies since May 2017 and those acquired in 2018
  - (iii) Geevers group since its acquisition in 2018.
- The **Digital BtoC** reportable segment created in 2018 includes Oscaro, acquired November 13th, 2018.

The central purchasing unit ("CPU") negotiates purchasing conditions for LV France, Trucks and LV International, which are then sold to wholly owned distributors and to affiliated independent distributors. As part of the new segmentation, the CPU's income statement is now broken down between the four segments, primarily based on the detailed supplier analysis. The CPU's revenue and margin are tracked at the supplier level and each supplier is identified as either those providing LV France parts only, those providing truck parts only, providing LV International parts only, or providing all of the segments. For those providing LV France, Truck and LV International parts, revenue and Adjusted EBITDA are further split based on the pro-rata value of the mix of products purchased.

In addition to the four segments identified above, the Group also has the headquarter function, whose activities and the support functions are partially allocated to the LV France and Trucks segments when costs are directly attributable to one of these segments. Costs that cannot be attributed to one of the segments are presented in the "Headquarters" column.

## 6 Segment information (Continued)

### 6.1 Key indicators by segment

| Three months ended 31 March 2020 (in millions of euros) | LV France | Trucks | LV International | Digital BtoC | Subtotal | Headquarters | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | 215.7 | 40.0 | 117.2 | 63.8 | **436.7** | — | **436.7** |
| **Adjusted EBITDA** | 22.3 | 0.0 | 7.3 | 0.4 | **30.0** | (3.7) | **26.3** |
| **Three months ended 31 March 2019 (in millions of euros)** | **LV France** | **Trucks** | **LV International** | **Digital BtoC** | **Subtotal** | **Headquarters** | **Total** |
| **Revenue** | 230.4 | 43.6 | 111.4 | 65.8 | **451.2** | — | **451.2** |
| **Adjusted EBITDA** | 28.3 | 0.8 | 8.3 | (2.7) | **34.7** | (3.3) | **31.4** |

### 6.2 Key indicators by geographical region

| 2020 (in millions of euros) | France | Other countries | Group total |
|---|---|---|---|
| Revenue for the three months ended 31 March 2020 | 324.1 | 112.6 | **436.7** |
| Intangible assets as of 31 March 2020 | 258.9 | 49.2 | **308.1** |
| Property, plant and equipment as of 31 March 2020 | 230.2 | 44.4 | **274.6** |

| 2019 (in millions of euros) | France | Other countries | Group total |
|---|---|---|---|
| Revenue for the three months ended 31 March 2019 | 339.8 | 111.4 | **451.2** |
| Intangible assets as of 31 December 2019 | 258.9 | 51.8 | **310.7** |
| Property, plant and equipment as of 31 December 2019 | 232.5 | 45.6 | **278.1** |

### 6.3 Use of adjusted EBITDA

In assessing the performance of the Group's business, the Group considers a variety of performance and financial measures. The key measure used for determining how the Group's business is performing is Adjusted EBITDA. Management internally assesses the performance and cash flows on a consolidated basis of each operating segment on the basis of Adjusted EBITDA.

Adjusted EBITDA represents operating income from ordinary activities before depreciation and amortization expenses and adjusted for certain items that the Group believes are non-related to ordinary activities or otherwise not reflective of the ongoing performance of the business, namely start-up costs related to new businesses, income and expenses attributable to the implementation of the group transformation plan and the sponsor fees paid to the shareholders and exceptional one-off expense related to professional conferences.

A reconciliation between Operating income from ordinary activities and Adjusted EBITDA and a description of the nature of the adjustments are provided below:

| (in millions of euros) | Three months ended 31 March 2020 | Three months ended 31 March 2019 |
|---|---|---|
| **Operating income from ordinary activities** | **9.4** | **14.4** |
| Depreciation and amortization expenses | 23.3 | 22.8 |
| Start-up costs[(1)] | 0.7 | 0.9 |
| Non-recurring income and expenses attributable to implementation of the group transformation plan[(2)] | 2.6 | 4.3 |
| Sponsor fees paid to shareholders[(3)] | 0.5 | 0.4 |
| Exceptional one-off expenses related to professional conferences[(4)] | — | — |
| Additional receivables provision | 2.0 | — |
| Rental costs elimination within IFRS 16 restatement | (12.2) | (11.4) |
| **Adjusted EBITDA** | **26.3** | **31.4** |

**6 Segment information (Continued)**

1) Start-up costs related to the customer website include costs associated with launching of the *IDGARAGES.com* website, which is still in its exploratory phase and generates only marginal revenue;
2) Non-recurring costs related to the implementation of the group transformation plan include legal fees, restructuring costs, or advisory costs related to the financial and capital transformation of the Group;
3) The sponsor fees paid to shareholders, including management long term incentives, if applicable, but excluding social charges;
4) Exceptional expenses related to professional conferences: expenses which occur every 2 and 4 years will be spread.

## 7 Operating performance

### 7.1 Revenue

The Group has recognized the following amounts relating to revenue in the condensed consolidated interim income statement:

| | Three months ended 31 March 2020 | Three months ended 31 March 2019 |
|---|---|---|
| Revenue from contracts with customers | 436.7 | 451.2 |
| **Total revenue** | **436.7** | **451.2** |

The Group derives revenue from the transfer of goods either as a principal (non-direct flow sales) or as an agent (direct sales transactions) in the following major product lines:

| | For the three months ended 31 March 2020 | | | | |
|---|---|---|---|---|---|
| **(in millions of euros)** | **LV France** | **Trucks** | **LV International** | **Digital BtoC** | **Total** |
| Sales revenue | 213.0 | 40.0 | 116.8 | 63.8 | 433.6 |
| Direct flow sales commission | 2.7 | — | 0.4 | — | 3.1 |
| **Revenue from contract with customers** | **215.7** | **40.0** | **117.2** | **63.8** | **436.7** |

| | For the three months ended 31 March 2019 | | | | |
|---|---|---|---|---|---|
| **(in millions of euros)** | **LV France** | **Trucks** | **LV International** | **Digital BtoC** | **Total** |
| Sales revenue | 227.9 | 43.3 | 110.9 | 65.8 | 447.9 |
| Direct flow sales commission | 2.5 | 0.3 | 0.5 | — | 3.3 |
| **Revenue from contract with customers** | **230.4** | **43.6** | **111.4** | **65.8** | **451.2** |

The Group does not have any material contract assets or liabilities other than receivables from contracts with customers since all its performance obligations are satisfied at a point in time and there is no significant financing or special payment terms offered to its customers. Refer to Note 6.4 for changes in receivables during the years presented.

### 7.2 Cost of goods sold

| **(in millions of euros)** | **For the three months ended 31 March 2020** | **For the three months ended 31 March 2019** |
|---|---|---|
| Purchase of goods | (269.2) | (263.8) |
| Change in inventories | 16.2 | 1.6 |
| Inventories depreciation | (1.1) | (1.5) |
| **Total cost of goods sold** | **(254.1)** | **(263.7)** |

## 7 Operating performance (Continued)

### 7.3 Inventories

| (in millions of euros) | As of 31 March, 2020 | As of 31 December, 2019 restated |
|---|---|---|
| Gross value | 403.3 | 387.1 |
| Impairment | (26.4) | (25.3) |
| **Net value** | **377.0** | **361.8** |

### 7.4 Trade receivables

An impairment loss is recorded for trade receivables when there is an objective indication (such as probability that the debtor will default or is in serious financial difficulties) that the Group will not be able to recover the amount due under the contractual terms of the invoice. The carrying amount of the trade receivable is reduced using an allowance account. The impaired outstanding amounts are written off when they are deemed non-receivables.

| | As of 31 March 2020 | As of 31 December 2019 |
|---|---|---|
| | (in millions of euros) | |
| Trade receivables | 316.9 | 331.5 |
| Discounts, rebates and refunds | (64.3) | (58.8) |
| Impairment | (21.6) | (18.5) |
| **Net value** | **231.0** | **254.1** |

In the three months ended 31 March 2020, impairment relates primarily to trade receivables past due. Changes in impairment of trade receivables are broken down as follows:

| | |
|---|---|
| **Balance at 1 January 2020** | **18.5** |
| Additions | 3.5 |
| Reversal | (0.4) |
| Changes in scope of consolidation | — |
| Reclassifications | — |
| **Balance at 31 March 2020** | **21.6** |

### 7.5 Other current assets

| | As of 31 March 2020 | As of 31 December 2019 |
|---|---|---|
| | (in millions of euros) | |
| Prepaid expenses | 18.3 | 14.5 |
| Other receivables | 30.7 | 23.0 |
| Accrued income | 0.6 | 0.6 |
| CICE tax credit receivables | 23.1 | 23.1 |
| Other | 2.4 | (1.1) |
| **Total** | **75.1** | **60.1** |

## 7 Operating performance (Continued)

### 7.6 Other current liabilities

| | As of 31 March 2020 | As of 31 December 2019 |
|---|---|---|
| | (in millions of euros) | |
| **Trade payables** | **311.4** | **236.4** |
| **Other current liabilities:** | | |
| Tax and social security liabilities, personnel | 78.9 | 63.0 |
| Employee profit-sharing (current) | 4.8 | 4.3 |
| Other payables | 16.0 | 19.8 |
| Prepaid income | 3.7 | 3.4 |
| **Sub-total** | **103.4** | **90.5** |
| **Total** | **414.7** | **326.9** |

### 7.7 Personnel costs

| | For the three months ended 31 March 2020 | For the three months ended 31 March 2019 |
|---|---|---|
| | (in millions of euros) | |
| Wages | (65.9) | (65.7) |
| Social security contributions | (22.6) | (21.4) |
| Profit-sharing plans | (1.3) | (1.8) |
| Pension costs | (0.5) | (0.4) |
| **Personnel costs** | **(90.3)** | **(89.3)** |

Pension costs include the addition to provisions for retirement benefits for the period as well as the reversal of provisions as a result of benefits paid during the period.

### 7.8 External expenses

| | For the three months ended 31 March 2020 | For the three months ended 31 March 2019 |
|---|---|---|
| | (in millions of euros) | |
| Rental expenses(1) | (3.1) | (3.2) |
| Shipping expenses | (21.9) | (22.9) |
| Maintenance and repairs | (6.8) | (6.1) |
| Legal and other fees | (3.8) | (6.7) |
| IT expenses | (2.7) | (3.0) |
| Advertising expenses | (4.6) | (4.7) |
| Subcontracting | (4.6) | (3.3) |
| Travelling expenses | (1.4) | (1.6) |
| Other expenses | (3.6) | (3.6) |
| **External expenses** | **(52.6)** | **(55.1)** |

(1) Hereof €12.3 millions IFRS 16 restatement in Q1 2020 and €11.4 millions in Q1 2019.

### 7.9 Other expenses from operations

| | For the three months ended 31 March 2020 | For the three months ended 31 March 2019 |
|---|---|---|
| | (in millions of euros) | |
| Acquisition fees | (0.4) | (0.7) |
| IT transformation costs | — | (0.5) |
| **Other expenses from operations** | **(0.4)** | **(1.2)** |

## 8 Intangible assets and property, plant and equipment

### 8.1 Goodwill

| | Gross value | Impairment | Net value |
|---|---|---|---|
| | (in millions of euros) | | |
| **At 31 December 2019, restated *** | **682.7** | **(363.8)** | **318.9** |
| Acquisitions | | | |
| Disposals | | | |
| Impairment for the period | | | |
| **At 31 March 2020** | **682.7** | **(363.8)** | **318.9** |

* restated of AD Bosch opening balance sheet inventory correction for € 1.7 million as explained in note 4.

As of March 31, 2020, impairment tests have been performed for each of our following segments, even if Covid-19 identified impacts were assessed as temporary:

- LV France;
- Trucks;
- LV International;
- Digital BtoC

*Determination of the recoverable value*

***LV France***

At 31 March 2020, the assets tested were valued at €413.1 million. This amount was compared with their value in use of €647.0 million, calculated based on the present value of future cash flows using a discount rate of 8.8% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €582.3 million in the event that objectives in the business plan were achieved at 90%. No sensitivity test was performed on a perpetual growth rate due to the significant margin given by the impairment test result. Since this is higher than the carrying amount of the net assets tested, no asset impairment was recognised.

| % BP achievement | Discount rate 7.5% | 8.0% | 8.8% | 9.0% | 9.5% |
|---|---|---|---|---|---|
| 90% | 708.4 | 654.4 | 582.3 | 566.5 | 530.4 |
| 95% | 706.4 | 665.1 | 610.0 | 598.0 | 570.4 |
| 100% | 787.1 | 727.1 | 647.0 | 629.5 | 589.3 |

## 8 Intangible assets and property, plant and equipment (Continued)

***Trucks***

At 31 March 2020, the trucks CGU's goodwill is exclusively composed by the goodwill related to the acquisition of Bisensang group in March 2017. At 31 March 2020, the assets tested were valued at €41.2 million. This amount was compared with their value in use of €41.7 million, calculated based on the present value of future cash flows using a discount rate of 8.8% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €37.5 million in the event that objectives in the business plan were achieved at 90%. No asset impairment was recognised.

Discount rate

| % BP achievement | 7.5% | 8.0% | 8.8% | 9.0% | 9.5% |
|---|---|---|---|---|---|
| 90% | 46.9 | 42.9 | 37.5 | 36.3 | 33.6 |
| 95% | 46.6 | 43.4 | 39.2 | 38.3 | 36.2 |
| 100% | 52.1 | 47.6 | 41.7 | 40.3 | 37.4 |

***LV International***

At 31 March 2020, the assets tested were valued at €391.7 million. This amount was compared with their value in use of €402.1 million, calculated based on the present value of future cash flows using a discount rate of 9.5% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €361.9 million in the event that objectives in the business plan were achieved at 90%. No asset impairment was recognised.

| % BP achievement | 8.5% | 9.0% | 9.5% | 10.0% | 10.5% |
|---|---|---|---|---|---|
| 90% | 413.3 | 386.0 | 361.9 | 340.5 | 321.5 |
| 95% | 428.5 | 407.4 | 388.8 | 372.3 | 357.6 |
| 100% | 459.2 | 428.9 | 402.1 | 378.4 | 357.2 |

***Digital BtoC***

At 31 March 2020, the assets tested were valued at €130.3 million. This amount was compared with their value in use of €154.2 million, calculated based on the present value of future cash flows using a discount rate of 10.4% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €138.8 million in the event that objectives in the business plan were achieved at 90%, above the carrying amount of the net assets tested. No sensitivity test was performed on a perpetual growth rate because of the significant margin given by the impairment test result. As the value in use is greater than the net book value of the assets tested, no impairment of assets has been recognized.

Discount rate

| % BP achievement | 9.5% | 10.0% | 10.4% | 10.5% | 11.0% |
|---|---|---|---|---|---|
| 90% | 155.3 | 145.7 | 138.8 | 137.2 | 129.5 |
| 95% | 167.0 | 159.5 | 154.1 | 152.8 | 146.8 |
| 100% | 172.6 | 161.9 | 154.2 | 152.4 | 143.8 |

## 8 Intangible assets and property, plant and equipment (Continued)

### 8.2 Other intangible assets

| | Software and licenses | Brands | Customer relationships | Other | Total |
|---|---|---|---|---|---|
| | | | (in millions of euros) | | |
| ***Gross value*** | | | | | |
| **At 31 December 2019** | **116.7** | **221.3** | **102.2** | **2.8** | **443.1** |
| Asset acquisitions | 2.8 | | | 1.0 | 3.8 |
| Customer relationship acquisition | — | | | | — |
| Reclassification | 0.8 | | | (0.9) | (0.1) |
| Asset disposals | — | | | | — |
| Business combinations | — | | | | — |
| **At 31 March 2020** | **120.3** | **221.3** | **102.2** | **2.9** | **446.8** |
| ***Amortization and impairment*** | | | | | |
| **At 31 December 2019** | **94.4** | **—** | **36.9** | **1.1** | **132.3** |
| Amortization | 3.1 | | 3.1 | 0.1 | 6.3 |
| Reclassification | — | | | — | — |
| Impairment and reversals | — | | | | — |
| **At 31 March 2020** | **97.5** | **—** | **40.0** | **1.1** | **138.7** |
| **Net value** | | | | | |
| **At 31 December 2019** | **22.4** | **221.3** | **65.3** | **1.8** | **310.7** |
| **At 31 March 2020** | **22.8** | **221.3** | **62.2** | **1.8** | **308.1** |

### 8.3 Property, plant and equipment

| | Land | Property and fixtures | Technical fittings | Vehicles | IT equipment | Furnishings | Assets under construction | Total before IFRS 16 | IFRS 16 Right of use | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | (in millions of euros) | | | | | |
| ***Gross value*** | | | | | | | | | | |
| **At 31 December 2019** | **5.6** | **135.9** | **63.5** | **16.4** | **31.0** | **11.9** | **2.9** | **267.2** | **213.2** | **480.3** |
| Asset acquisitions | — | 1.0 | 0.6 | 0.5 | 1.6 | 0.1 | 0.6 | **4.5** | 10.6 | 15.1 |
| Reclassification | — | 0.2 | — | — | 0.3 | — | (0.6) | **(0.1)** | — | (0.1) |
| Disposals | — | (1.1) | (0.1) | (0.3) | — | — | — | **(1.5)** | (2.2) | (3.7) |
| Business combinations | — | — | — | — | — | — | — | **—** | — | — |
| **At 31 March 2020** | **5.6** | **136.0** | **64.0** | **16.6** | **32.9** | **11.9** | **3.0** | **270.1** | **221.5** | **491.6** |
| ***Depreciation and impairment*** | | | | | | | | | | |
| **At 31 December 2019** | **1.6** | **75.8** | **41.5** | **10.2** | **23.0** | **6.4** | **—** | **158.6** | **43.6** | **202.2** |
| Depreciation | — | 2.4 | 1.4 | 0.6 | 0.9 | 0.3 | — | **5.6** | 11.3 | 16.9 |
| Impairment | — | — | — | — | — | — | — | **—** | — | — |
| Reclassification | — | (0.1) | — | — | — | — | — | **(0.1)** | — | (0.1) |
| Reversals related to asset disposals | — | (0.7) | (0.1) | (0.2) | — | — | — | **(0.9)** | (1.1) | (2.0) |
| **At 31 March 2020** | **1.6** | **77.4** | **42.9** | **10.7** | **23.9** | **6.7** | **—** | **163.1** | **53.9** | **217.0** |
| **Net Value** | | | | | | | | | | |
| **At 31 December 2019** | 4.0 | 60.0 | 22.0 | 6.1 | 8.1 | 5.4 | 2.9 | **108.6** | 169.5 | 278.1 |
| **At 31 March 2020** | **4.0** | **58.6** | **21.1** | **5.9** | **9.0** | **5.2** | **3.0** | **107.0** | **167.6** | **274.6** |

## 8 Intangible assets and property, plant and equipment (Continued)

### 8.3.1 Reconciliation of depreciation and amortization expense recorded in the income statement

| | For the three months ended 31 March 2020 | For the three months ended 31 March 2019 |
|---|---|---|
| | (in millions of euros) | |
| Customer relationships from acquired business combinations | (3.1) | (4.2) |
| Other Intangible assets | (3.2) | (3.1) |
| **Total intangible assets amortization** | **(6.3)** | **(7.3)** |
| Property, plant and equipment—held assets | (5.5) | (5.1) |
| Property, plant and equipment—leased assets (IFRS 16) | (11.3) | (10.4) |
| **Total tangible assets depreciation** | **(16.9)** | **(15.5)** |
| **Total depreciation and amortization expense** | **(23.3)** | **(22.8)** |

### 8.3.2 Reconciliation of property, plant and equipment and intangible asset acquisitions shown in the statement of cash flows

| | For the three months ended 31 March 2020 | For the three months ended 31 March 2019 |
|---|---|---|
| | (in millions of euros) | |
| Intangible assets (excl. customer relationships) | 3.8 | 3.1 |
| Property, plant and equipment—held assets (excl. IFRS 16) | 4.4 | 5.4 |
| **Total acquisitions of non-current assets** | **8.2** | **8.5** |

## 9 Other non-current assets

| | Loans | Deposits, guarantees and other sureties | Total |
|---|---|---|---|
| | | (in millions of euros) | |
| ***Gross value*** | | | |
| **At 31 December 2019** | **6.0** | **25.3** | **31.3** |
| Acquisitions | 0.2 | 0.3 | 0.5 |
| Reclassification | | | |
| Disposals | — | — | (0.1) |
| Business acquisitions | | | |
| **At 31 March 2020** | **6.2** | **25.6** | **31.7** |
| ***Amortization and impairment*** | | | |
| **At 31 December 2019** | **0.6** | **0.2** | **0.7** |
| Amortization and impairment | — | — | — |
| **At 31 March 2020** | **0.6** | **0.2** | **0.7** |
| ***Net value*** | | | |
| **At 31 December 2019** | **5.4** | **25.1** | **30.5** |
| **At 31 March 2020** | **5.6** | **25.4** | **31.0** |

## 10 Current provisions

There have been no other significant changes in current provisions. Refer to the Group’s consolidated financial statements as of 31 December 2019 for further details of current provisions recorded.

## 11 Financial assets and liabilities

Cash and cash equivalents are measured at level 1 of the fair value hierarchy.

At 31 March 2020:

| | Assets/ liabilities at fair value through income | Assets/ liabilities at amortized cost | Total net carrying amount | Total fair value |
|---|---|---|---|---|
| | (in millions of euros) | | | |
| Financial assets at fair value through income | 0.9 | — | **0.9** | **0.9** |
| Other non-current assets, net | — | 31.0 | **31.0** | **31.0** |
| Trade receivables, net | 231.0 | — | **231.0** | **231.0** |
| Other current assets, net | — | 75.1 | **75.1** | **75.1** |
| Cash and cash equivalents | 167.8 | — | **167.8** | **167.8** |
| **Financial assets** | **399.7** | **106.1** | **505.8** | **505.8** |
| Borrowings and debt (current and non-current) | 1.2 | 1,293.2 | **1,294.4** | **1,294.4** |
| Trade payables | 311.2 | — | **311.4** | **311.4** |
| Other non-current liabilities | — | 10.4 | **10.4** | **10.4** |
| Other current liabilities | — | 24.5 | **24.5** | **24.5** |
| **Financial liabilities** | **312.4** | **1,328.2** | **1,640.7** | **1,640.7** |

At 31 December 2019:

| | Assets/ liabilities at fair value through income | Assets/ liabilities at amortized cost | Total net carrying amount | Total fair value |
|---|---|---|---|---|
| | (in millions of euros) | | | |
| Financial assets at fair value through income | 0.8 | — | 0.8 | **0.8** |
| Other non-current assets, net | — | 30.5 | 30.5 | **30.5** |
| Trade receivables, net | 254.1 | — | 254.1 | **254.1** |
| Other current assets, net | — | 60.1 | 60.1 | **60.1** |
| Cash and cash equivalents | 71.3 | — | 71.3 | **71.3** |
| **Financial assets** | **326.2** | **90.6** | **416.8** | **416.8** |
| Borrowings and debt (current and non-current) | 1.2 | 1,281.4 | 1,282.6 | **1,282.6** |
| Trade payables | 236.4 | — | 236.4 | **236.4** |
| Other non-current liabilities | — | 10.0 | 10.0 | **10.0** |
| Other current liabilities(1) | — | 27.4 | 27.4 | **27.4** |
| **Financial liabilities** | **237.6** | **1,318.8** | **1,556.4** | **1,556.4** |

(1) Excluding tax and social security liabilities outside the scope of IAS 39.

## 11 Financial assets and liabilities (Continued)

*11.1.1 Group financing as of 31 March 2020*

At 31 March 2020, the Group's financing is as follows:

| Bond issue | Nominal value | Fair value | Value at amortized cost | Fixed interest rates | Variable interest rates | Maturity | Comments |
|---|---|---|---|---|---|---|---|
| | | | (in millions of euros unless otherwise indicated) | | | | |
| Senior secured floating rate notes | 443.0 | 394.1 | 437.5 | — | Euribor+4.375% | April 2022 | Fully underwritten |
| Senior secured floating rate notes | 175.0 | 155.7 | 171.1 | — | Euribor+5.5% | April 2022 | Fully underwritten |
| Senior secured fixed rate notes | 260.0 | 237.7 | 257.7 | 4.375% | — | April 2022 | Fully underwritten |
| Sup Bonds | 1.2 | 1.2 | | | | | Fully underwritten |

RCF credit line was drawn up to € 78M at end of March 2020.

*11.1.2 Group financing as of 31 December 2019*

At 31 December 2019, the Group's financing was as follows:

| Bond issue | Nominal value | Fair value | Value at amortized cost | Fixed interest rates | Variable interest rates | Maturity | Comments |
|---|---|---|---|---|---|---|---|
| | | | (in millions of euros unless otherwise indicated) | | | | |
| Senior secured floating rate notes | 443.0 | 444.4 | 436.9 | — | Euribor+4.375% | April 2022 | Fully underwritten |
| Senior secured fixed rate notes | 175.0 | 175.6 | 170.6 | — | Euribor+5.5% | April 2022 | Fully underwritten |
| Senior secured fixed rate notes | 260.0 | 261.2 | 257.4 | 4.375% | — | April 2022 | Fully underwritten |
| Sup Bonds | 1.2 | 1.2 | | | | | Fully underwritten |

RCF credit line was drawn up to € 50M in connection with AD Bosch, Spain acquisition.

*11.1.3 Non-current borrowings and debt by maturity*

The amounts below include contractual cash flows net of projected repayments plus interest payable.

At 31 March 2020

| | Interest payments | | | | Gross repayments | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Total |
| | | | | (in millions of euros) | | | | | |
| Senior Secured Notes | 40.5 | 53.1 | | **93.6** | | 878.0 | | **878.0** | **971.6** |
| Sup Bonds | | | | | 1.2 | | | **1.2** | **1.2** |
| Revolving credit facility | | | | | 78.0 | | | **78.0** | **78.0** |
| Amounts owed under finance leases | 0.1 | | | **0.1** | 1.1 | 2.3 | | **3.4** | **3.5** |
| Other borrowings and accrued interest | 0.2 | | | **0.2** | 61.3 | 5.7 | | **67.0** | **67.2** |
| Lease debt (IFRS16) | 4.4 | 10.0 | 2.0 | **16.4** | 38.5 | 96.3 | 39.9 | **174.7** | **191.1** |
| **Total non-current borrowings and debt** | **45.2** | **63.1** | **2.0** | **110.3** | **180.0** | **982.3** | **39.9** | **1,202.2** | **1,312.5** |

## 11 Financial assets and liabilities (Continued)

At 31 December 2019

| | Interest payments | | | | Gross repayments | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Less than 1 year** | **Between 1 and 5 years** | **More than 5 years** | **Sub-total** | **Less than 1 year** | **Between 1 and 5 years** | **More than 5 years** | **Sub-total** | **Total** |
| | (in millions of euros) | | | | | | | | |
| Senior Secured Notes | 40.5 | 60.5 | | **100.9** | | 878.0 | | **878.0** | **978.9** |
| Sup Bonds | | | | | 1.2 | | | **1.2** | **1.2** |
| Revolving credit facility | | | | | 50.0 | | | **50.0** | **50.0** |
| Amounts owed under finance leases | 0.1 | | | **0.1** | 1.3 | 2.3 | | **3.6** | **3.7** |
| Other borrowings and accrued interest | 0.2 | | | **0.2** | 71.7 | 6.4 | | **78.1** | **78.4** |
| Lease debt (IFRS16) | 4.6 | 10.6 | 2.4 | **17.6** | 37.6 | 110.6 | 28.1 | **176.2** | **193.8** |
| **Total non-current borrowings and debt** | **45.4** | **71.1** | **2.4** | **118.8** | **161.8** | **997.3** | **28.1** | **1,187.2** | **1,306.0** |

*11.1.4 Breakdown of borrowings and debt by type*

| | **As of 31 March 2020** | **As of 31 December 2019** |
|---|---|---|
| | (in millions of euros) | |
| ***Non-current*** | | |
| Senior Secured Notes | 866.3 | 864.9 |
| Value of put option held by minority shareholders | 53.1 | 56.6 |
| Amounts owed under finance leases (more than one year)(1) | 2.3 | 2.3 |
| Lease right of use related debt (IFRS 16) | 136.2 | 138.7 |
| Other borrowings and accrued interest(2) | 5.7 | 6.4 |
| **Sub-total of non-current borrowings and debt** | **1,063.6** | **1,068.8** |
| ***Current*** | | |
| Senior Secured Notes interest | 9.5 | 6.7 |
| Sup Bonds | 1.2 | 1.2 |
| Value of put option held by minority shareholders | 16.4 | 14.7 |
| Amounts owed under finance leases (less than one year)(1) | 1.1 | 1.3 |
| Revolving credit facility | 78.0 | 50.0 |
| Other borrowings (less than one year) (2) | 28.3 | 27.0 |
| CGA, KBC, BNP, Eurofactor factoring | 22.3 | 22.7 |
| Spain local line of credits | 4.0 | 5.3 |
| Italian local lines of credit | 29.0 | 39.5 |
| Bank overdrafts(3) | 2.6 | 7.8 |
| Lease right of use related debt (IFRS 16) | 38.5 | 37.6 |
| **Sub-total of current borrowings and debt** | **230.8** | **213.8** |
| **Total borrowings and debt** | **1,294.4** | **1,282.6** |

(1) Amounts owed under finance leases are the result of leases and sale and leaseback agreements used to finance the purchase of vehicles and certain investments in real estate, IT and furniture.

(2) Borrowings and debt incurred by some of the Group's subsidiaries.

(3) Bank overdrafts in France and bank account debit balances resulting from normal time lags between the value date for banking purposes and entry dates in the accounts.

Interest on bank overdrafts used by the Group and its subsidiaries is charged at market rates.

## 11 Financial assets and liabilities (Continued)

At 31st March 2020, the Group had available credit lines of €70.1 million as follows:

| | Conditions | Drawdowns |
|---|---|---|
| Revolving credit facility – JP Morgan | € 100.0 million at Euribor +3.5%<br>€ 21.6M out of reach – BNP guaranty escrow purposes (AD Bosch/Oscaro/Doyen)<br>€ 78.4M available for funding | € 17.1M used as guaranty on AD Bosch Acquisition<br>€ 2.5M used as escrow against Oscaro Bank facility<br>€ 2M used as escrow against Doyen Bank facility<br>€ 78M drawdown |
| ACR – CGA factoring | €15.0 million at CGA +0.70% | Fully Available |
| Doyen group – KBC factoring | €11.5 million at Euribor +0.95% | Partial drawdown of €9.9 million |
| Doyen group – BNP factoring | €18.0 million at Euribor +0.60% | Partial drawdown of €2.5 million |
| Doyen group – Club Deal (BNP/KBC/ING) | Revolving credit limited to €12.0 million | Full drawdown |
| Doyen group – Overdrafts and facilities | Overdrafts and facilities limited to €3.0 million | Partial drawdown of €2.1 million |
| Geevers – Credit line | €10.8 million | Partial drawdown of €8.8 million |
| Oscaro – ARKEA/BNP overdrafts and credit line | €5.3 million | Partial drawdown of € 2.6 million |
| Autodis Italia Srl Group – *ricevuta bancaria* | €65.3 million (BNL, CREDEM, etc.) | Partial drawdown of €38.6 million |
| AD Bosch (Spain) credit lines – Caixa/Sabadell/Santander/Bankinter | €9.3 million | Partial drawdown of €4.0 million |
| AD Bosch (Spain) factoring – Caixa | €0.15 million | Partial drawdown of €0.1 million |

The Group also has a deconsolidating factoring agreement with Factofrance. At March 31st, 2020, the associated debt amounts to € 9.9 million.

### 11.2 Cash and cash equivalents

| | As of 31 March, 2020 | As of 31 December, 2019 |
|---|---|---|
| | (in millions of euros) | |
| Cash equivalents | — | — |
| Cash at bank and on hand | 167.8 | 71.3 |
| Restricted cash | — | — |
| **Total** | **167.8** | **71.3** |

The carrying amount of all these items corresponds to their fair value.

For the purposes of the consolidated statement of cash flows, the "Cash and cash equivalents" heading includes the following items at 31 March 2020 and at 31 December 2019:

| | As of 31 March, 2020 | As of 31 December, 2019 |
|---|---|---|
| | (in millions of euros) | |
| Cash equivalents | — | — |
| Cash at bank and on hand | 167.8 | 71.3 |
| Restricted cash | — | — |
| Bank overdrafts | (2.6) | (7.8) |
| **Net cash and cash equivalents—continuing operations** | **165.3** | **63.5** |

## 11 Financial assets and liabilities (Continued)

### 11.3 Liabilities from financing activities

| | At 31 December 2019 | Cash flows | Other non-cash movements | At 31 March 2020 |
|---|---|---|---|---|
| | (in millions of euros) | | | |
| Senior Secured Notes, net of issuance cost(1) | 864.9 | — | 1.4 | 866.3 |
| Revolving credit facility | 50.0 | 28.0 | — | 78.0 |
| Other borrowings | 33.4 | 0.6 | — | 34.0 |
| Factoring | 22.7 | (0.4) | | 22.3 |
| Amounts owed under finance lease | 3.7 | (0.3) | — | 3.4 |
| Value of put option on non-controlling interests | 71.3 | — | (1.7) | 69.6 |
| Spanish credit lines | 5.3 | (1.3) | — | 4.0 |
| Italian credit lines | 39.5 | (10.5) | — | 29.0 |
| Sup Bonds | 1.2 | — | — | 1.2 |
| Lease debt (IFRS16) | 176.2 | (11.1) | 9.5 | 174.7 |
| **Total liabilities from financing activities** | **1,268.2** | **4.9** | **9.2** | **1,282.5** |

(1) The Senior Secured Notes are shown here net of unamortized portion of capitalized debt issuance costs of €11.7 million and €13.1 million as of 31 March 2020 and 31 December 2019, respectively.

### 11.4 Financial expense

| | For the three months ended 31 March 2020 | For the three months ended 31 March 2019 |
|---|---|---|
| | (in millions of euros) | |
| Cost of external loans and bank overdrafts | (11.7) | (11.8) |
| Accretion of financial debt & borrowings at fair value | (1.3) | (1.0) |
| Expenses related to financial instruments | (0.2) | (0.2) |
| Interests on lease right of use (IFRS 16) | (1.2) | (1.0) |
| Other financial expenses | — | (0.3) |
| **Total financial expenses** | **(14.4)** | **(14.3)** |

## 12 Income taxes

The tax expense for the reference periods is as follows:

| | For the three months ended 31 March 2020 | For the three months ended 31 March 2019 |
|---|---|---|
| | (in millions of euros) | |
| Current tax expense | (0.5) | (0.6) |
| Deferred tax benefit | (0.4) | (0.9) |
| Company Value-Added Contribution (CVAE) | (1.2) | (1.5) |
| **Income tax expense** | **(2.1)** | **(3.1)** |

Income tax expense for the period ended 31 March 2020 is recognized based on the Group's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period ended 31 March 2020 is 14% on Group perimeter. Income tax expense for the period ended 31 March 2020 is recognized based on this actual tax expense for the full financial year, pro rata based on income before tax.

## 13 Issued capital and reserves

| | Share capital | Consolidated reserves | Non-controlling interests | Total capital and reserves |
|---|---|---|---|---|
| | (in millions of euros) | | | |
| **At 31 December 2019** | **68.3** | **(17.5)** | **2.5** | **53.3** |
| Capital decrease | — | — | — | — |
| Dividends paid | — | — | — | — |
| Net income for the period | — | (7.7) | 0.3 | (7.4) |
| Other comprehensive income | — | — | 1.6 | 1.6 |
| **At 31 March 2020** | **68.3** | **(25.2)** | **4.4** | **47.5** |

As of 31 March 2020, the share capital of Parts Holding Europe amounted €68,263,141.45, represented by 35,187,186 shares with a par value of €1.94. No preference shares were issued.

## 14 Earnings per share

| | Three months ended 31 March 2020 | Three months ended 31 March 2019 |
|---|---|---|
| Net income from continuing operations attributable to owners of the parent *(in millions of euros)* | (7.7) | (3.4) |
| Weighted average number of ordinary shares *(in number of shares)* | 35,187,186 | 35,187,186 |
| **Total basic earnings per share** *(in euros per share)* | **(0.210)** | **(0.097)** |

The Group did not issue any dilutive equity instruments in the three months ended 31 March 2020.

## 15 Commitments

The off-balance sheet commitments are disclosed in the Note 16 of the consolidated financial statements for the years ended 31 December 2019. There were no significant changes in the amount and nature of commitments between 31 December 2019 and 31 March 2020.

## 16 Transactions with related parties

The transactions with related parties are disclosed in the Note 17 of the consolidated financial statements for the years ended 31 December 2019. There were no significant transactions with related parties between 31 December 2019 and 31 March 2020.

## 17 Events after the end of the reporting period

Our spare parts distribution and repair activities for light vehicles and trucks were considered by the government to be essential for the functioning of the country and appear in the list of businesses that can remain open, by decree of March 15, 2020.

Indeed, our services allow the maintenance of mobility which has been recognized by the government as essential, even if its exercise is limited. Our platforms and distributors are required to deliver spare parts to the entire light vehicles and trucks repair sector, including our own network. They are involved in repairing vehicles potentially used by medical staff or vehicles transporting them. Similarly, workshops can also be required to repair trucks, essential for supplying stores with foodstuffs, and vehicles of people involved in all activities which are recognised as essential, to ensure their mobility.

In this period of public transport understandable restriction, a certain number of our fellow citizens - the medical staff but also the bakeries and supermarkets employees, retirement homes staff, cleaning staff, food distribution platforms and transport companies employees and many more - must move in compliance with the rules set by the public authorities. They require spare parts needed to repair their vehicles.

Keep on providing them with our service means contributing, as a responsible and civic company, to the functioning of the country.

**17 Events after the end of the reporting period (Continued)**

However, even though we wish to contribute to the country’s Economic Continuity Plan, we note a very significant drop in turnover in some of our entities.

At this stage, these events have a short-term impact on our operations due to the uncertainty about the duration of the measures implemented and the catch-up effect to be anticipated over the rest of the 2020 financial year. Furthermore, we do not anticipate any major impact in the medium term, particularly in the time frame of our strategic plan.

In order to structurally protect the Group and our employees, the following action plan has been taken:

- partial unemployment measures, depending on local situations.
- implementation, for each country, of government support, including taxes and social security charges delays.
- renewal confidence with our banks.
- implementation of punctual financing guaranteed by the different countries.
- daily monitoring of cash disbursements to the most vulnerable of our partners.

In addition, the group has a very good level of cash, enabling it to largely meet its short-term maturities.

The Group therefore remains confident in its ability to overcome the negative impacts of this health crisis and then resume normal activities as soon as the pandemic is over, without assuming its duration.

Since the end of the lockdown, Group activity gradually recovers in European countries in which the Group operates. However, protective measures took in March still apply during the whole 1st semester to structurally protect our company.

Strategic middle term plan has not been reassessed as hypothesis are still uncertain but management remains confident thanks to lower public transportation utilization and increasing car parc age.

Refinancing are currently being negotiated in all countries, Group taking advantage of all governmental measures to preserve business continuity.

In April 2020, Group has taken over the activity of 2 AD Belux historical customers Autovak & AD Autoparts. These 2 companies are located in Flanders (Northern Belgium). They had an activity of € 10 million sales in 2019. They employ c. 50 peoples in 4 shops.

This acquisition strengthens and develops Belux Autodistribution network with the opportunity to deploy its activities, brands, concepts and programs while contributing to the Group’s overall profitability.

**17 Events after the end of the reporting period (Continued)**

ERNST & YOUNG Audit DELOITTE & ASSOCIES

*This is a translation into English of the statutory auditors' report on the consolidated financial statements of Parts Holding Europe issued in French and it is provided solely for the convenience of English speaking users. This statutory auditor's report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**PARTS HOLDING EUROPE**
**Société par actions simplifiée**
Year ended December 31, 2019

**Statutory auditors' report on the consolidated financial statements**

**Ernst & Young Audit**
Tour First
TSA 1444
92037 Paris-La-Défense
S.A.S. à capital variable
344 366 315 RCS Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

**Deloitte & Associés**
Tour Majunga
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92908 Paris-La-Défebse Cedex
S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

**PARTS HOLDING EUROPE**

**Société par actions simplifiée**

Year ended December 31, 2019

**Statutory auditors' report on the consolidated financial statements**

To the sole shareholder of Parts Holding Europe,

**Opinion**

In compliance with the engagement entrusted to us by your sole shareholder, we have audited the accompanying consolidated financial statements of Parts Holding Europe for the year ended December 31, 2019. These consolidated financial statements were approved by the President, on March 26, 2020, on the basis of the information available at that date, in the evolving context of the health crisis related to Covid-19.

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, 2019 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.

**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 the 1st of January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

**Emphasis of Matter**

We draw attention to the following matter described in Notes 4.2 and 4.3 to the consolidated financial statements which set out the impacts regarding the first-time application of IFRS 16 "Leases". Our opinion is not modified in respect of this matter.

**Justification of Assessments**

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 following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Note 3.3 "*Significant judgements and estimates*" in the notes to the consolidated financial statements outlines the accounting method used by your company in terms of inventory impairment, year-end rebates received from suppliers, staff expenses and benefits, impairment of goodwill and intangible assets and deferred tax assets, and the methods that involve estimates.

We appreciated the reasonableness of the estimates. We also verified that this note to the consolidated financial statement provides the appropriate information.

At each closing, the group conducts an impairment test of goodwill and intangible assets with an indefinite life, and also assesses whether there is any indication of impairment of the long-term assets value, as described in notes 9.1 and 9.2 to the consolidated financial statements. We reviewed how this impairment test was implemented, the data and assumptions used, and the calculations performed by your group. We also checked that notes 3.3, 9.1 and 9.2 to the consolidated financial statements provide appropriate information.

**Specific verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of Group's management report of the President as approved on March 26, 2020. With regard to the events that occurred and the facts known after the date the consolidated financial statements were approved by the President relating to the impact of the Covid-19 crisis, the management indicated to us that they will be communicated to the sole shareholder called to approve the financial statements.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

**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 consolidated financial statements were approved by the President.

**Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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.

Paris-La Défense, April 2, 2020

The Statutory Auditors
*French original signed by*

| | |
|---|---|
| Ernst & Young Audit | Deloitte & Associés |
| Henri-Pierre Navas | Benoît Pimont |

**Parts Holding Europe SAS**
**Consolidated Financial Statements**
**For the year ended 31 December 2019**

## TABLE OF CONTENTS



### Notes to the consolidated financial statements

## Consolidated income statement

| (in millions of euros) | Notes | 2019 12 months | 2018 12 months |
|---|---|---|---|
| **REVENUE** | *7.1* | **1,797.4** | **1,465.8** |
| Cost of goods for sale | *7.2* | (1,037.6) | (844.2) |
| Personnel costs | *7.7* | (361.6) | (306.9) |
| Other purchases and external expenses | *7.8* | (209.2) | (193.8) |
| Taxes | | (12.3) | (11.3) |
| Other operating income and expenses | *7.9* | 3.0 | 3.1 |
| Depreciation/amortisation expense | *9.3.1* | (95.0) | (39.4) |
| **RECURRING OPERATING INCOME** | | **84.7** | **73.5** |
| Other income from operations | *7.10* | — | 0.8 |
| Other expenses from operations | *7.11* | (9.0) | (15.4) |
| **OPERATING INCOME** | | **75.7** | **58.8** |
| Financial Income | *12.4* | 1.1 | 1.5 |
| Financial expenses | *12.5* | (57.9) | (44.0) |
| Share of income of associates | | — | — |
| **INCOME BEFORE TAX** | | **18.9** | **16.3** |
| Income tax | *13* | (2.2) | (12.6) |
| **NET INCOME FROM CONTINUING OPERATIONS** | | **16.7** | **3.7** |
| Net income (loss) from discontinued operations | | — | — |
| **NET INCOME FOR THE PERIOD** | | **16.7** | **3.7** |
| Owners of the parent: | | | |
| Net income from continuing operations | | 14.9 | 3.4 |
| Net income from discontinued operations | | — | — |
| Net income attributable to owners of the parent | | 14.9 | 3.4 |
| Non-controlling interests: | | | |
| Net income from continuing operations | | 1.8 | 0.3 |
| Net income from discontinued operations | | — | — |
| Net income attributable to non-controlling interests | | 1.8 | 0.3 |
| **Basic earnings per share (in euros per share)** | | | |
| From continuing operations | *11* | 0.475 | |
| From discontinued operations | | — | — |
| **Diluted earnings per share (in euros per share)** | | | |
| From continuing operations | | 0.475 | |
| From discontinued operations | | — | — |

## Consolidated statement of comprehensive income

| (in millions of euros) | 2019 12 months | 2018 12 months |
|---|---|---|
| **NET INCOME** | **16.7** | **3.7** |
| **Items that will not be reclassified subsequently to profit/ (loss)** | | |
| Actuarial gains/ (losses) on defined benefit plans—continuing operations | (1.2) | 1.1 |
| Deferred taxes on actuarial gains/ (losses)—continuing operations | 0.1 | (0.1) |
| **OTHER COMPREHENSIVE INCOME/ (EXPENSE) FROM CONTINUING OPERATIONS** | **15.6** | **1.0** |
| Other comprehensive income/ (expense) from discontinued operations | | |
| **TOTAL COMPREHENSIVE INCOME** | **15.6** | **4.7** |
| Attributable to: | | |
| Owners of the parent: | 13.8 | 4.4 |
| Non-controlling interests | 1.8 | 0.3 |

## Consolidated statement of financial position

| | Notes | December 2019 | December 2018 Restated* |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill, net | *9.1* | 317.2 | 274.2 |
| Intangible assets, net | *9.2* | 310.7 | 325.9 |
| Property, plants and equipments, net | *9.3* | 278.1 | 103.6 |
| Investments in associates | | 4.6 | 4.6 |
| Financial assets at fair value through income | *12* | 0.8 | 0.9 |
| Other non-current assets, net | *10* | 30.5 | 26.9 |
| Deferred tax assets | *13.2* | 33.0 | 71.9 |
| **TOTAL NON-CURRENT ASSETS** | | **974.9** | **808.1** |
| Inventories, net | *7.3* | 363.5 | 331.0 |
| Trade receivables, net | *7.4* | 254.1 | 226.4 |
| Current tax receivables | | 5.6 | 4.0 |
| Other current assets, net | *7.5* | 60.1 | 62.5 |
| Cash and cash equivalents | *12.2* | 71.3 | 81.3 |
| **TOTAL CURRENT ASSETS** | | **754.6** | **705.3** |
| **TOTAL ASSETS** | | **1,729.5** | **1,513.4** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | *14* | 68.3 | 68,3 |
| Other reserves | *14* | (24.1) | (20.4) |
| Net income attributable to the owners of the parent | | 14.9 | 3.4 |
| **SHAREHOLDERS' EQUITY—PART GROUP** | | **59.1** | **51.3** |
| **NON-CONTROLLING INTERESTS** | | **2.5** | **1.0** |
| **TOTAL EQUITY** | | **61.6** | **52.3** |
| Non-current borrowings and debts | *12.1.5* | 1,068.8 | 820.7 |
| Liabilities relating to employee benefits | *8.1* | 32.4 | 29.5 |
| Non current provisions | *11* | — | — |
| Other non-current liabilities | | 10.0 | 5.5 |
| Deferred tax liabilities | *13.2* | 8.6 | 57.0 |
| **TOTAL NON-CURRENT LIABILITIES** | | **1,119.7** | **912.6** |
| Current borrowings and debts | *12.1.5* | 213.8 | 193.6 |
| Current provisions | *11* | 7.5 | 13.5 |
| Trade payables | *7.6* | 236.4 | 245.7 |
| Other current liabilities | *7.6* | 90.5 | 95.7 |
| Derivative financial instruments | | — | — |
| **TOTAL CURRENT LIABILITIES** | | **548.2** | **548.6** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,729.5** | **1,513.4** |

* Adjusted of Oscaro goodwill allocation as detailed in note 4.1.3

## Consolidated statement of changes in equity

| (in millions of euros) | Share capital | Foreign exchange gains/ (losses) | Actuarial gains/(losses) on defined benefit pension plans | Consolidated reserves | Shareholders' equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **At 31 December 2017** | **75.3** | **(0.9)** | **9.3** | **31.6** | **115.2** | **(0.3)** | **114.9** |
| IFRS9 adoption impact | **—** | **—** | **—** | **(0.9)** | (0.9) | — | **(0.9)** |
| **At 1 January 2018** | **75.3** | **(0.9)** | **9.3** | **30.7** | **114.3** | **(0.3)** | **114.0** |
| Net income for the year | **—** | **—** | **—** | **3.4** | 3.4 | 0.3 | **3.7** |
| Other comprehensive income/ (expense) | **—** | **—** | **1.0** | **—** | 1.0 | **—** | **1.0** |
| **Comprehensive income/ (expense)** | **75.3** | **(0.9)** | **10.3** | **34.1** | **118.7** | **—** | **118.7** |
| Capital decrease | (7.0) | — | — | (58.4) | **(65.4)** | — | **(65.4)** |
| Other changes | — | — | — | (2.0) | **(2.0)** | 1.3 | **(0.7)** |
| Dividends paid | **—** | **—** | **—** | **—** | **—** | (0.3) | **(0.3)** |
| **At 31 December 2018** | **68.3** | **(0.9)** | **10.3** | **(26.3)** | **51.3** | **1.0** | **52.3** |
| IFRIC 23 adoption impact | **—** | **—** | **—** | **(0.8)** | (0.8) | — | **(0.8)** |
| **At 1 January 2019** | **68.3** | **(0.9)** | **10.3** | **(27.1)** | **50.4** | **1.0** | **51.5** |
| Net income for the year | **—** | **—** | **—** | **14.9** | 14.9 | 1.8 | **16.7** |
| Other comprehensive income/ (expense) | **—** | **—** | **(1.1)** | **—** | (1.1) | **—** | **(1.1)** |
| **Comprehensive income/ (expense)** | **68.3** | **(0.9)** | **9.2** | **(12.2)** | **64.2** | **2.9** | **67.0** |
| Capital decrease | — | — | — | — | **—** | — | **—** |
| Other changes | — | — | — | (5.1) | **(5.1)** | (0.1) | **(5.2)** |
| Dividends paid | **—** | **—** | **—** | **—** | **—** | (0.3) | **(0.3)** |
| **At 31 December 2019** | **68.3** | **(0.9)** | **9.2** | **(17.3)** | **59.0** | **2.5** | **61.5** |

## Consolidated statement of cash flows

| | Notes | 2019<br>12 months | 2018<br>12 months |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| **Net income** | | **16.7** | **3.7** |
| Adjustments for income and expenses with no cash impact | | | |
| *— Depreciation and amortization expenses* | *9* | *95.0* | *39.4* |
| *— Provisions (net of reversals)* | *11* | *(5.1)* | *0.1* |
| *— Impairment of intangible assets (net of reversals)* | *9.1 & 9.2* | — | — |
| *— Gain or loss on fixed assets sold* | | *(0.9)* | *0.5* |
| *— Financial income and expenses with no cash impact* | | *12.7* | *13.3* |
| *— Other income and expenses with no cash impact* | | *0.6* | *0.4* |
| Adjustments for financial income and expenses with cash impact | | 44.1 | 29.1 |
| Income taxes | *13* | 2.2 | 12.6 |
| Changes in working capital, net | | | |
| *— Inventories* | | *(16.9)* | *(37.1)* |
| *— Trade receivables* | | *(8.3)* | *20.3* |
| *— Trade payables* | | *(9.3)* | *(7.6)* |
| *— Other receivables and payables* | | *(7.3)* | *(6.5)* |
| Income taxes paid | | (13.4) | (9.3) |
| **Net cash from (used in) operating activities—continuing operations** | | **109.9** | **58.9** |
| Net cash from (used in) operating activities—discontinued operations | | — | — |
| ***Cash flows from investing activities*** | | | |
| Acquisitions of non-current assets | *9.3* | (40.0) | (32.8) |
| Acquisitions of customer relationship intangible assets | | — | (5.3) |
| Disposals of non-current assets | | 2.4 | 0.8 |
| Business acquisitions (net of cash acquired) | *5.1* | (51.8) | (163.4) |
| Disposals of business (net of cash transferred) | | — | — |
| Changes in customer financing transactions | | (1.5) | (0.6) |
| **Net cash used in investing activities—continuing operations** | | **(91.0)** | **(201.3)** |
| Net cash used in investing activities—discontinued operations | | — | — |
| ***Cash flows from financing activities*** | | | |
| Dividends paid to the owners of the parent company | | — | (65.4) |
| Dividends paid to non-controlling interests of consolidated subsidiaries | | (0.3) | (0.3) |
| Dividends received from associates | | — | — |
| Repayment of capital | | — | — |
| Interest paid | | (50.5) | (34.6) |
| Interest received | | 0.8 | 1.2 |
| Increase in borrowings | *12.1* | 227.8 | 263.2 |
| Repayment of borrowings | *12.1* | (210.7) | (7.1) |
| Change in other financial liabilities | | — | (7.8) |
| **Net cash from (used in) financing activities—continuing operations** | | **(32.9)** | **149.1** |
| Net cash used in financing activities—discontinued operations | | — | — |
| **Cash and cash equivalents at beginning of year** | *12.2* | **77.4** | **70.6** |
| Change in cash and cash equivalents—continuing operations | | (13.9) | 6.7 |
| Change in cash and cash equivalents—discontinued operations | | — | — |
| Impact of currency rate fluctuations | | — | — |
| **Cash and cash equivalents at end of year** | *12.2* | **63.5** | **77.4** |
| *Of which from discontinued operations* | | — | — |

## Notes to the consolidated financial statements

### 1 Preparation and approval of the consolidated financial statements

On 26 March 2020, the Chairman approved Parts Holding Europe SAS's consolidated financial statements for the year ended 31 December 2019.

### 2 Information relating to the reporting entity

Parts Holding Europe SAS is a simplified joint-stock company (*société par actions simplifiée*) domiciled in France and registered with the Créteil Trade and Companies Registry under number 488 077 165. It was incorporated on 18 January 2006 under the corporate name Parts Holdings (France) SAS and subsequently changed its corporate name to "Parts Holding Europe" on 5 November 2018. The address of its registered office is 22 Avenue Aristide Briand, 94110 Arcueil, France.

The Group is a leading aftermarket light vehicle spare parts distributor and truck spare parts distributor and repairer in Western Europe, mainly active in France, Benelux and Italy. The Group operates in the independent aftermarkets of the Western European light vehicle spare parts distribution "core" aftermarket and the truck spare parts distribution and repair "core" aftermarket in France.

The Parts Holding Europe has a share capital of €68.263.141 as of December 31st, 2019. As a result of the Group's acquisition on 8 December 2015, Parts Holding Europe and its subsidiaries (collectively, the "Group") are deemed subsidiaries of Dakar Acquisition SA, a Luxembourg-based limited liability company (*société anonyme*) whose registered office is located at 4, rue Lou Hemmer, L-1748 Luxembourg Findel (Luxembourg), registered with the Luxembourg Trade and Companies Registry under number B201035 as the sole shareholder of Parts Holding Europe. Dakar Acquisition SA is a subsidiary of Dakar Topco Sarl., a Luxembourg-based private limited company (*société a responsabilité limitée*) and is the ultimate parent company of the Group, who is in turn a subsidiary of Bain Capital.

### 3 Accounting policies and standards

The consolidated financial statements of Parts Holding Europe SAS and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB"), as adopted by the European Union as of 31 December 2019 and available on the following website: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_fr.htm

The consolidated financial statements have been prepared using the historical cost convention, except for certain categories of assets and liabilities as indicated, in accordance with IFRS principles.

The consolidated financial statements are presented in euros and all values are rounded to the nearest million unless otherwise stated.

### 3.1 Standards and interpretations adopted by the IASB effective at 31 December 2019

The accounting principles applied are consistent with those used to prepare the annual consolidated financial statements for the year ended 31 December 2018, with the exception of the adoption of the following new standards and amendments:

| Standards | Effective date |
|---|---|
| IFRS 16—Leases (Impact estimation on debt done in 2018) | 1 January 2019 |
| IFRIC 23—Uncertainty over Income Tax Treatments (IAS12) | 1 January 2019 |
| Amendment to IFRS 9—Implementation and disclosures under IFRS 9 | 1 January 2019 |
| Annual improvements to IFRS (2015—2017 cycle) | 12 December 2017 |

The balance sheet impacts of the application of these new standards are detailed in note 4.

### 3.2 Standards and interpretations adopted by the IASB whose application is not mandatory at 31 December 2019

The Group has not elected to early adopt the following new and revised standards published by the IASB but whose application is not yet mandatory. Other standards that were newly issued but are not yet effective at 31 December 2019 are not expected to have a material impact on the Group's consolidated financial statements. The process of determining the potential impact of these texts on PHE's consolidated financial statements is underway and without significant impact.

### 3 Accounting policies and standards (Continued)

| Standards | Effective date |
|---|---|
| Amendments to IAS 1 and IAS 8—Definition of material | 1 January 2020 |
| Amendments to References to the Conceptual Framework in IFRS Standards | 1 January 2020 |
| Amendments to IFRS 3—Definition of a Business | 1 January 2020 |
| Amendments to IFRS 9, IAS 39 and IFRS 7—Interest rate benchmark reform | 1 January 2020 |
| Amendment to IFRS 3—Business combination | 1 January 2019 |

#### 3.3 Significant judgements and estimates

The preparation of financial statements in compliance with IFRS requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Estimates are made based on a going concern assumption and on information available at the date of their preparation. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations about future events that may have a financial impact on the entity and are believed to be reasonable under the circumstances. When the Group makes estimates and assumptions concerning the future, the resulting accounting estimates will, by definition, seldom equal the related actual results.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

- Inventory impairment—Note 7.3
- End-of-year supplier rebates—Note 7.6
- Employee costs and benefits—Note 8
- Impairment of non-financial assets—Note 9.1 and 9.2
- Deferred tax assets—Notes 13.2

### 4 Change in accounting methods, adjustment of Oscaro goodwill and application of IFRS 16 and IFRIC 23

#### 4.1 Adjustment of Oscaro goodwill

Parts Holding Europe acquired Oscaro group on November 13, 2018. This group was integrated into the 2018 consolidated financial statements. This period of one and a half months did not allow for a complete evaluation of Oscaro group and a provisional goodwill was calculated and recorded in accordance with IFRS 3 "Business combinations".

During 2019, the calculation of goodwill was updated and it retrospectively impacts the consolidated accounts. The calculation of goodwill is detailed in point 5.1.2.3 and the impact of the adjustments in 4.1.3.

#### 4.2 Impact of the standard application

**• IFRS 16**

In January 2016, the International Accounting Standards Board issued IFRS 16 'Leasing', replacing IAS 17, which represents the first major overhaul in lease accounting for over 30 years. These changes become effective from 1 January 2019.

IFRS 16 has a substantial impact on the financial statements of lessees of property and high value equipment—requiring that leases be placed on-balance sheet by recognising a 'right-of-use' asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. In the income statement, this standard application results in a amortisation and interest expenses recognition.

The group has applied IFRS 16 using the modified retrospective approach, without cumulative effects in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

**• IFRS 16 (Continued)**

The table below reconciles the amount of off-balance sheet commitments as of December 31, 2018 with the flow of IFRS 16 first application:

| (in millions of euros) | |
|---|---|
| Off-balance sheet commitments as of December 31, 2018 | **199.2** |
| Average marginal rate as of January 1, 2019 | 2.35% |
| Discount rate difference | (17.8) |
| Options not considered as of December 31, 2018 | (4.1) |
| Lease agreements excluded from IFRS 16 scope | (2.9) |
| Other | 1.2 |
| **Additional liability for IFRS 16 application as of January 1, 2019** | **183.9** |

Main assumptions and exemptions:

The selected duration of the lease term is the minimum contractual increased by potential renewals, if the lessee is reasonably certain to exercise them. This criteria is used for the discount rate choice.

Average discount rates used in 2019:

| Duration of the lease term | 3 years | 6 years | 9 years | 12 years |
|---|---|---|---|---|
| Belgium | 1.65% | 2.75% | 3.75% | 5.25% |
| Spain | 1.80% | 2.94% | 3.94% | 5.44% |
| France | 1.53% | 2.45% | 3.28% | 4.50% |
| Italy | 1.84% | 2.77% | 3.57% | 4.79% |
| Netherlands | 1.65% | 2.75% | 3.75% | 5.25% |

No changes for leases with a lease term of less than 12 months and a value below 5 000 dollars which are accounted for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

**• IFRIC 23**

Group determined whether its tax treatments should be considered as uncertain according to IFRIC 23 application. Impacts as at Dec 18 is estimated to be €0.8M of additional deferred tax liabilities.

### 4.3 Impact on the consolidated statement of financial position

Adjustments in the calculation of Oscaro goodwill have a retroactive effect on the accounts. They are therefore recognized in an adjusted balance sheet as of December 31, 2018.

IFRS 16 and IFRIC 23 have been applied without restatement of comparative information. Reclassifications and adjustments resulting from the standard application are not taken into account in the balance sheet as of December 31, 2018 but are recognized in the opening balance sheet as of January 1, 2019.

The following Balance Sheet shows the adjustments recorded for each line item.

● **IFRIC 23 (Continued)**

| (in millions of euros) | December 31, 2018 | | | January 1, 2019 | | |
|---|---|---|---|---|---|---|
| | 31 December 2018 Published version | Oscaro goodwill adjustment | 31 December 2018 Adjusted version | IFRS 16 impacts | IFRIC 23 impacts | 1 January 2019 Restated version |
| **ASSETS** | | | | | | |
| Goodwill, net | 321.1 | (46.9) | 274.2 | | | 274.2 |
| Intangible assets, net | 270.5 | 55.4 | 325.9 | | | 325.9 |
| Property, plant and equipment, net | 103.6 | | 103.6 | 180.5 | | 284.1 |
| Investments in equity method investees | 4.6 | | 4.6 | | | 4.6 |
| Financial assets at fair value through income | 0.9 | | 0.9 | | | 0.9 |
| Other non-current assets, net | 24.9 | 2.0 | 26.9 | | | 26.9 |
| Deferred tax assets | 64.7 | 7.2 | 71.9 | | | 71.9 |
| **TOTAL NON-CURRENT ASSETS** | **790.4** | **17.7** | **808.1** | **180.5** | | **988.6** |
| Inventories, net | 331.1 | | 331.1 | | | 331.1 |
| Trade receivables, net | 223.5 | 2.9 | 226.4 | | | 226.4 |
| Current tax receivables | 3.9 | 0.1 | 4.0 | | | 4.0 |
| Other current assets, net | 62.6 | (0.1) | 62.5 | (1.8) | | 60.7 |
| Cash and cash equivalents | 81.3 | | 81.3 | | | 81.3 |
| **TOTAL CURRENT ASSETS** | **702.4** | **2.9** | **705.3** | **(1.8)** | | **703.5** |
| **TOTAL ASSETS** | **1,492.8** | **20.5** | **1,513.4** | **178.7** | | **1,692.1** |
| **EQUITY AND LIABILITIES** | | | | | | |
| Share capital | 68.3 | | 68.3 | | | 68.3 |
| Other reserves | (20.4) | | (20.4) | | (0.8) | (21.2) |
| Net income attributable to owners of the parent | 3.4 | | 3.4 | | | 3.4 |
| **SHAREHOLDERS' EQUITY** | **51.3** | | **51.3** | | **(0.8)** | **50.5** |
| **NON-CONTROLLING INTERESTS** | **1.0** | | **1.0** | | | **1.0** |
| **TOTAL EQUITY** | **52.3** | | **52.3** | | **(0.8)** | **51.5** |
| Non-current portion of borrowings and debt | 820.7 | | 820.7 | 147.6 | | 968.3 |
| Provisions related to employee benefits | 29.5 | | 29.5 | | | 29.5 |
| Other non-current liabilities | 5.5 | | 5.5 | | | 5.5 |
| Deferred tax liabilities | 42.7 | 14.3 | 57.0 | | 0.8 | 57.8 |
| **TOTAL NON-CURRENT LIABILITIES** | **898.3** | **14.3** | **912.6** | **147.6** | **0.8** | **1,061.0** |
| Current portion of borrowings and debt | 193.6 | | 193.6 | 36.3 | | 229.9 |
| Current portion of provisions | 10.5 | 3.0 | 13.5 | | | 13.5 |
| Trade payables | 244.8 | 0.9 | 245.7 | (5.2) | | 240.5 |
| Other current liabilities | 93.4 | 2.4 | 95.7 | | | 95.7 |
| Derivative financial instruments | — | | — | | | — |
| **TOTAL CURRENT LIABILITIES** | **542.3** | **6.3** | **549.6** | **31.1** | | **580.7** |
| **TOTAL EQUITY AND LIABILITIES** | **1,492.8** | **20.5** | **1,513.4** | **178.7** | | **1,692.1** |

- **IFRIC 23 (Continued)**

The items impacted by IFRS 16 at December 31, 2019 are shown in the tables below :

**Consolidated income statement IFRS 16**

| (in millions of euros) | Notes | 2019 |
|---|---|---|
| **REVENUE** | | **—** |
| Cost of goods for sale | | — |
| Personnel costs | | — |
| Other purchases and external expenses | *7.8* | 47,6 |
| Taxes | | — |
| Other operating income and expenses | | — |
| Depreciation/amortisation expense | *9.3.1* | (44,5) |
| **RECURRING OPERATING INCOME** | | **3,0** |
| Other income from operations | | — |
| Other expenses from operations | | — |
| **OPERATING INCOME** | | **3,0** |
| Financial Income | | — |
| Financial expenses | *12.5* | (4,8) |
| Share of income of associates | | |
| **INCOME BEFORE TAX** | | **(1,8)** |
| Income tax | *13* | 0,6 |
| **NET INCOME FROM CONTINUING OPERATIONS** | | **(1,2)** |
| Net income (loss) from discontinued operations | | — |
| **NET INCOME FOR THE PERIOD** | | **(1,2)** |
| Owners of the parent: | | |
| Net income from continuing operations | | |
| Net income from discontinued operations | | (1,1) |
| Net income attributable to owners of the parent | | (1,2) |
| Non-controlling interests: | | |
| Net income from continuing operations | | (0,1) |
| Net income from discontinued operations | | — |
| Net income attributable to non-controlling interests | | — |
| Net income attributable to non-controlling interests | | (0,1) |

● **IFRIC 23 (Continued)**

**Consolidated statement of financial position IFRS 16**

| | Notes | 31/12/2019 |
|---|---|---|
| **ASSETS** | | |
| Goodwill, net | | — |
| Intangible assets, net | *9.2* | 169,5 |
| Property, plants and equipments, net | | — |
| Investments in associates | | — |
| Financial assets at fair value through income | | — |
| Other non-current assets, net | | — |
| Deferred tax assets | *13.2* | 0,7 |
| **TOTAL NON-CURRENT ASSETS** | | **170,2** |
| Inventories, net | | — |
| Trade receivables, net | | — |
| Current tax receivables | | — |
| Other current assets, net | | — |
| Cash and cash equivalents | | — |
| **TOTAL CURRENT ASSETS** | | **170,2** |
| **TOTAL ASSETS** | | **170,2** |
| **EQUITY AND LIABILITIES** | | |
| Share capital | | — |
| Other reserves | | (0,0) |
| Net income attributable to the owners of the parent | | (1,1) |
| **SHAREHOLDERS' EQUITY—PART GROUP** | | **(1,2)** |
| **NON-CONTROLLING INTERESTS** | | **(0,1)** |
| **TOTAL EQUITY** | | **0,0** |
| Non-current borrowings and debts | *12.1.5* | 138,7 |
| Liabilities relating to employee benefits | | — |
| Non current provisions | | — |
| Other non-current liabilities | | — |
| Deferred tax liabilities | *13.2* | 0,1 |
| **TOTAL NON-CURRENT LIABILITIES** | | **138,7** |
| Current borrowings and debts | *12.1.5* | 37,6 |
| Current provisions | | — |
| Trade payables | *7.6* | (5,8) |
| Other current liabilities | *7.6* | 1,0 |
| Derivative financial instruments | | — |
| **TOTAL CURRENT LIABILITIES** | | **32,7** |
| **TOTAL EQUITY AND LIABILITIES** | | **170,2** |

**• IFRIC 23 (Continued)**

**Consolidated statement of cash flows IFRS 16**

| | 2019 |
|---|---|
| ***Cash flows from operating activities*** | **—** |
| **Net income** | **(1,2)** |
| Adjustments for income and expenses with no cash impact | — |
| *—Depreciation and amortization expenses* | *44,5* |
| *—Provisions (net of reversals)* | — |
| *—Impairment of intangible assets (net of reversals)* | — |
| *—Gain or loss on fixed assets sold* | — |
| *—Financial income and expenses with no cash impact* | — |
| *—Other income and expenses with no cash impact* | — |
| Adjustments for financial income and expenses with cash impact | 4,8 |
| Income taxes | (0,6) |
| Changes in working capital, net | — |
| *—Inventories* | — |
| *—Trade receivables* | — |
| *—Trade payables* | *(0,6)* |
| *—Other receivables and payables* | *(0,9)* |
| Income taxes paid | — |
| **Net cash from (used in) operating activities—continuing operations** | **46,1** |
| Net cash from (used in) operating activities—discontinued operations | — |
| **Cash flows from investing activities** | — |
| Acquisitions of non-current assets | — |
| Acquisitions of customer relationship intangible assets | — |
| Disposals of non-current assets | — |
| Business acquisitions (net of cash acquired) | — |
| Disposals of business (net of cash transferred) | — |
| Changes in customer financing transactions | — |
| ***Cash flows from financing activities*** | **—** |
| Dividends paid to the owners of the parent company | — |
| Dividends paid to non-controlling interests of consolidated subsidiaries | — |
| Dividends received from associates | — |
| Repayment of capital | — |
| Interest paid | (4,8) |
| Interest received | — |
| Increase in borrowings | — |
| Repayment of borrowings | (41,3) |
| Change in other financial liabilities | — |
| **Net cash from (used in) financing activities—continuing operations** | **(46,1)** |
| Net cash used in financing activities—discontinued operations | — |
| **Cash and cash equivalents at beginning of year** | **—** |
| Change in cash and cash equivalents—continuing operations | **—** |
| Change in cash and cash equivalents—discontinued operations | — |
| Impact of currency rate fluctuations | — |
| **Cash and cash equivalents at end of year** | **—** |
| *Of which from discontinued operations* | — |

## 5 Scope of consolidation

*Consolidation*

The consolidated financial statements include the financial statements of Parts Holding Europe SAS and its controlled entities. Control is assessed as having (i) the power over the investee through voting rights or similar rights, (ii) exposure to variable returns from involvement with the investee, and (iii) the ability to use power over the investee to affect the amount of the investor's returns. Controlled entities are consolidated from the date the Group obtains control until such time the Group ceases to exercise control.

All intragroup balances and transactions as well as unrealized income, expenses, gains and losses that are included in the carrying amounts of the assets and which are generated by internal transactions are eliminated.

In the event of an acquisition of additional shares in an entity already controlled by the Group, the difference between the acquisition price of the shares and the additional interest acquired by the Group in consolidated equity is recorded in stockholders' equity. The value of the entity's identifiable assets and liabilities (including goodwill) for consolidation purposes remains unchanged.

Entities over which the Group has significant influence, but does not have control, are accounted for using the equity method. The investments in such entities are initially recognized at cost, including the goodwill of the acquisition, net of any accumulated impairment loss, and is subsequently adjusted for the Group's share of the profit or loss in the investee. In the event of an acquisition of additional shares in entities that were previously accounted for using the equity method that results in the Group obtaining control, the previously held equity interest is remeasured at fair value and the difference between the fair value and carrying value is recorded as a gain or loss in the income statement.

When the parent company loses control of a previously consolidated entity, assets and liabilities related to such entity is derecognized including any goodwill and a gain or loss associated with the loss of control of the former entity is recognized.

### 5.1 Acquisitions and disposals

Business combinations are recorded in accordance with IFRS 3, by applying the acquisition method. The acquired entity's identifiable assets, liabilities and contingent liabilities that meet IFRS accounting criteria are recorded at acquisition-date fair value, including any previously held interest but with the exception of non-current assets classified as held for sale, which are recorded at fair value less costs to sell, and other assets and liabilities (IAS 19 and IAS 12) valued in accordance with the applicable standards. The costs directly attributable to the acquisition are recorded as expenses during the period in which they are incurred.

Goodwill represents any excess of the amount of consideration transferred and, where appropriate, non-controlling interests, over the net fair value of the acquired company's identifiable assets and liabilities. Refer to Note 9.1 for impairment of goodwill.

Adjustments to the value of assets and liabilities related to acquisitions recorded on a provisional basis are recorded as retrospective adjustments of goodwill if they occur within a maximum 12 months of the acquisition date. After the end of the allocation period, the effects are recorded directly in the income statement unless they correspond to corrections of errors.

IFRS 10 on Consolidated Financial Statements presents a single consolidation model and provides a definition of control that includes:

Power over the entity

Exposure, or right, to variable returns of the entity,

The ability to use its power to impact the amount of its returns

Basically a shareholder has control over the entity when it owns more than 50% of the voting rights. IFRS 10 states that an investor may control an entity with less than 50% of the voting rights and provides specific guidance for assessing control in such situations.

In accordance with IFRS 10, in the case where the shareholder has the practical capacity to exercise its substantive voting rights and in the case where such rights are exercisable; these rights must be taken into account when calculating the percentage of control.

**5 Scope of consolidation (Continued)**

**5.1.1 Acquisitions in 2019**

In accordance with the principles of IFRS 10 above, all acquisitions in 2019 have enabled Parts Holding Europe Group to take exclusive control of these acquired entities.

*(1) Trucks acquisitions in France*

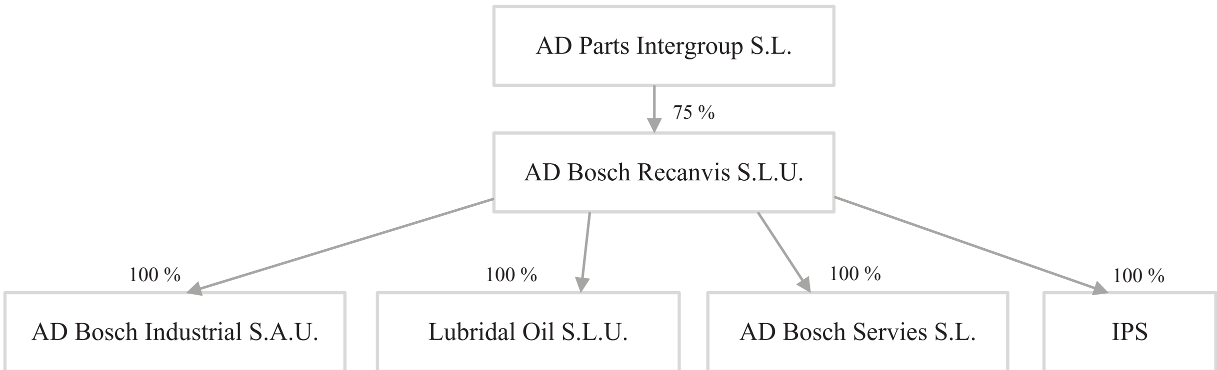
On October 4, 2019, Truck & Car Services, one of the consolidated entity in the Truck France segment, acquired 100% interests in **SAS Maillot Pièces Poids Lourds**, a distributor based in Eastern France, for an acquisition price of €0.8 million.

**5.1.1.1 International LV acquisitions**

On 5 August, the Group acquired 75% interests in **AD Bosch**, a distributor member of AD Parts, for a purchase price of €48.1 million, paid thanks to RCF drawdown.

AD Bosch is the number one independent automotive spare part, lubricant, tyre, body part, paint and garage equipment distributor grouping in Spain, also present in Portugal and Andorra. This family business was established by Josep Bosch Sayols in 1970. Thanks to its effective distribution network (27 stores) and the quality of the solutions offered to its repair customers, AD Bosch has become the leading distributor in Catalonia. In 2018, the company achieved a turnover of approximately €70 million. Its Chairman, Josep Bosch Sayols, is also the founder and Chairman of AD Parts and the Chairman of AD Parts Intergroup. The operational management of Bosch AD remains the same.

Transaction costs in relation to the acquisition amounts to €3 million since 2017.




The identifiable assets acquired, liabilities assumed and contingent liabilities measured at fair value at acquisition date are as follows (in M€):

| | |
|---|---|
| **Purchase price** | **48.1** |
| Intangible assets | — |
| Tangible assets | 6.6 |
| Other non-current assets | 0.7 |
| Deferred taxes | 0.1 |
| Inventories | 14.7 |
| Trade receivables | 19.0 |
| Cash and cash equivalents | 2.6 |
| Trade payables | 7.4 |
| Debts and overdrafts | 11.7 |
| Value of put option held by minority shareholders | 16.5 |
| Other current liabilities | 2.3 |
| **Net assets acquired at fair value** | **6.4** |
| **Preliminary Goodwill** | **42.3** |

**5 Scope of consolidation (Continued)**

The provisional goodwill resulting from the purchase price allocation is €42.3 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the LV International CGU.

If the acquisition took place on January 1, 2019, the turnover and the net result for the year ended December 31, 2019 considering 12 months of exercise would be as follows:

| *(in M€)* | Pre-acquisition | Post-acquisition | Pro forma FY 2018 |
|---|---|---|---|
| **Turnover** | **37.9** | **24.2** | **62.0** |
| **Net income** | **1.9** | **0.8** | **2.7** |

On 30 September 2019, Geevers Auto Parts B.V., one of the consolidated Dutch distributors, acquired 100% interests in **Loek Autoparts B.V.** for €0.4 million paid in cash. Loek Autoparts B.V. is engaged in the distribution of collision repair parts in the Netherland. In 2018, the company realized net revenue of around €3.2 million. The provisional goodwill resulting from the purchase price allocation is €1.0 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to LV International CGU.

On 30 September 2019, General Auto, one of the consolidated Italian distributors, acquired 100% interests in **Team Ricambi Srl** for €0.3 million paid in cash and €0.1 million to settle on 31 December 2020. Team Ricambi Srl is a wholesaler specialized in spare parts, car accessories, truck spare parts, components for the industrial and marine, located in Catania, Sicily. In 2018, the company realized net revenue of around €2.5 million. The provisional goodwill resulting from the purchase price allocation is €0.3 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to LV International CGU.

In addition to the acquisitions, OVAM, one of the consolidated Italian distributors, acquired additional interests in two companies:

- On July 1, 2019 in Sarpi for €1.3 million, increasing its ownership from 60% to 100%;
- On September 25, 2019 in Sirauto for €0.1 million euros, increasing its ownership from 54% to 100%.

On December 20, 2019, BCZ Srl, minority shareholder of Autodis Italia Holding Srl, exercised the put option and sold to Autodis Italia Srl 14.128% of the shares held. The provisional price for the operation is € 13.1 million. As established by the shareholders' agreement, the sale price will be adjusted on the basis of the final figures of the Italian subsidiaries held by Autodis Italia Holding Srl as of June 30, 2020, an advance in the amount of € 3 million was paid before December 31, 2019 by Autodis Italia Srl to BCZ Srl. As a result, Autodis Italia Srl increased its ownership from 55% to 69.128% for the Italian group.

**5.1.2 Acquisitions in 2018**

**5.1.2.1 LV France acquisitions**

On 31 March 2018, the Group acquired 100% interests in **Société Française d'Industrie Automobile** ("SFIA") for a purchase price of €0.7 million, paid in cash. SFIA is a wholesale and retail light vehicle distributor in Epernay, in eastern France. The provisional goodwill resulting from the purchase price allocation is €0.6 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Light Vehicle CGU.

On 31 May 2018, the Group acquired 100% interests in **GPR Auto** for a purchase price of €0.4 million, paid in cash. GPR Auto is a wholesale and retail light vehicle distributor in Limoges, in southern France. The provisional goodwill resulting from the purchase price allocation is €0.3 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Light Vehicle CGU.

On 31 July 2018, the Group concluded the acquisition of 100% interests in **Vallespir Auto Diffusion S.a.r.l.**, a wholesale and retail vehicle spare parts distributor in Ceret, in southern France, for a purchase price of

## 5 Scope of consolidation (Continued)

€2.3 million, paid in cash. The provisional goodwill resulting from the purchase price allocation is €1.5 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Light Vehicle CGU.

On 1 October 2018, the Group concluded the acquisition of 100% interests in **Loire Pare Brise** for a purchase price of €2.4 million, paid in cash. Loire Pare Brise, located in Reze, in the west of France, is active in the sale, installation, replacement & repair of windscreen, auto accessories and auto glazing, directly and in leasing management, under the Mondial Pare Brise brand in accordance with a franchise agreement. The provisional goodwill resulting from the purchase price allocation is €1.2 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Light Vehicle CGU.

### 5.1.2.2 LV International acquisitions

On 1 March 2018, OVAM, one of the consolidated Italian distributors, acquired additional interests in **Sarco** for €1.3 million, increasing its ownership in Sarco to 100% from 49%. As a result of this acquisition, Sarco, which was accounted for under the equity method, is now fully consolidated by the Group. No gain was recognized on the previously held interests, whose fair value was €1.3 million. The provisional goodwill from the purchase price allocation is €1.2 million, reflecting the further synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the LV International CGU.

On 31 May 2018, Ovam, also acquired 100% interests in **FGL Srl** for €3.0 million. FGL Srl is a distributor specialized in car body parts and lightning, located in Milan area. In 2017, the company realized revenue of around 5.0M€. The provisional goodwill resulting from the purchase price allocation is €1.5 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to LV International CGU.

On 31 May 2018, Autodis Italia Holding (a consolidated subsidiary of the Group in which the Group holds 55% interests) finalized the acquisition of 100% interests in **G-Group**, a leading automotive spare parts distributor in southern Italy, for a purchase price of €15.8 million. G-Group is a family business that was founded in Naples by the Carini family in 1948. In 2017, G-Group achieved revenue of approximately €55.0 million, 10% more compared to 2016. The provisional goodwill resulting from the purchase price allocation is €11.3 million after finalization in 2019 (€11.6 million published in 2018).

As part of the acquisition, the Carini family acquired a minority interest in Autodis Italia Holding SrL, representing a continued partnership with the local entrepreneur. This deal shows Autodis Italia's aim to continue its acquisition strategy based on partnerships with local entrepreneurs.

Following the acquisitions of OVAM, Topcar and Ricauto in 2017 and Sarco and FGL in 2018, this acquisition allows Autodis Italia to establish itself in Central and Southern Italy. This acquisition also enables Autodis Italia to strengthen its number two position in the Italian market, with cumulative annualized sales of approximately €190 million. The purchase price was € 15.8 million and transaction costs related to the transaction were € 0.5 million.

An intangible asset in the amount of €10.5 million was recognized in the opening balance sheet to reflect the acquisition of Italian customer relationships.

On 31 May 2018, the Group acquired 100% interests in **Geevers Auto Parts B.V.,** the leading independent retailer of multi-brand car body parts in the Benelux countries, for a purchase price of €50.2 million, paid in cash.

Based in the Netherlands since 1967, Geevers Auto Parts B.V. is the leading independent retailer of car body parts in the accident and repair markets in Holland, Belgium and Luxembourg. Geevers, with 200 employees, achieved a turnover of approximately €64.0 million and a growth of more than 10% per year. On the full year 2018 the turnover amounts to 72.0M€. Transaction costs in relation to the acquisition amounts to €0.4 million.

The provisional goodwill resulting from the purchase price allocation is €32.9 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the LV International CGU (see note 9.1).

**5 Scope of consolidation (Continued)**

An intangible asset in the amount of €20.8 million was recognized in the opening balance sheet to reflect the acquisition of the customer relationships.

On 31 October 2018, the Group acquired 100% interests in **Verviers Freins** for a purchase price of €13.8 million, paid in cash. Two earn out are included in the acquisition agreement and added in the minority put calculation for € 1 million.

Verviers Freins, based in Belgium, is a mechanical and body parts distributor through 8 sales points. The company also manages repair and painting workshops. An intangible asset in the amount of €2.1 million was recognized in the opening balance sheet to reflect the acquisition of the customer relationships. The provisional goodwill resulting from the purchase price allocation is €3.8 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential (€4.8 million published in 2018). The entire goodwill was allocated to the LV International CGU.

**5.1.2.3 Oscaro acquisitions**

On 13 November 2018, the Group acquired 82.5% of **Groupe OSCARO**, French leader in the LV spare parts online sale, for €91.3 million[(1)], paid drawing the RFC credit line for an amount of €90.0 million. The OSCARO Group is the French leader in online sales of automotive spare parts. It currently has more than 8 million customers and a turnover that has increased tenfold in ten years, reaching €320 million in 2017. Its alliance with the Group will enable to create a European omni-channel leader together, across all professional and non-professional customer segments and in a complementary and durable way. Following the process, Pierre-Noël LUIGGI, founder of the OSCARO Group, will retain a share of up to 17.5% through his company Indenoï and will sit on the Oscaro board. Transaction costs in relation to the acquisition amounts to €1.1 million.

[(1)] The Oscaro Groups' securities value of € 91.3 million breaks down as follows:

| Event | Date | Value in M€ | Holding % |
|---|---|---|---|
| Acquisition | July 2018 | 10.0 | 4.95% |
| Share value impairment* | | -4.6 | |
| Capital increase | November 2018 | 55.0 | 51.70% |
| Acquisition | | 30.9 | 25.84% |
| | **November 13, 2018** | **91.3** | **82.49%** |

* Reflecting the Oscaro group acquisition done by steps. As a result, the non-controlling acquisition in July was derecognized at fair value on November 13, 2018.

**5 Scope of consolidation (Continued)**

The identifiable assets acquired, liabilities assumed and contingent liabilities measured at fair value at acquisition date are as follows (in M€):

| | December 31, 2018 | Adjustments (2) | December 31, 2019 |
|---|---|---|---|
| **Purchase price** | **91.1** | **0.2** | **91.3** |
| **Liability guarantee** | | **(2.0)** | **(2.0)** |
| Oscaro.com trademark | — | 50.6 | 50.6 |
| Customer relationship | — | 4.8 | 4.8 |
| Intangible assets | 6.6 | — | 6.6 |
| Tangible assets | 6.4 | — | 6.4 |
| Other non-current assets | 8.2 | — | 8.2 |
| Deferred taxes | 0.3 | 7.2 | 7.5 |
| Inventories | 7.2 | — | 7.2 |
| Trade receivables | (12.2) | 2.9 | (9.3) |
| Cash and cash equivalents(1) | 59.4 | — | 59.4 |
| Other current assets | 2.9 | — | 2.9 |
| Trade payables | 76.9 | 0.9 | 77.8 |
| Debts and overdrafts | 2.1 | — | 2.1 |
| Provision for risks and charges | 3.4 | 2.9 | 6.3 |
| Pension provision | 0.9 | — | 0.9 |
| Non-current financial debts | 30.9 | — | 30.9 |
| Deferred tax liabilities | — | 14.3 | 14.3 |
| Other non-current and current liabilities | 13.6 | 2.2 | 15.8 |
| **Net assets acquired at fair value** | **(49.0)** | **45.1** | **(3.9)** |
| **Goodwill** | **140.1** | **(46.9)** | **93.2** |

(1) of which €55.0 million of capital increase injected by Digital Parts Holding to be used to pay the trade payables by the acquired group.

(2) Main adjustments recorder in the year following the Oscaro acquisition are the brand valuation and related deferred taxes. An earn-out and the activation of liability guarantees have also been recognized. The adjustments made in the consolidated financial statements are detailed in note 4.3.

The goodwill resulting from the purchase price allocation is €93.2 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Digital BtoC CGU.

The fair value of the Oscaro brand and customer relationships were respectively recorded at €50.6 million and €4.8 million. The assets linked to the brand were valued using the royalty method with a rate of 2% based on the analysis of the Oscaro brand characteristics and on a review of the royalty rates applied in the sector. Customer relationships have been evaluated based on the cost of acquisition calculated as follows:

| (in M€) | Clients | Single client acquisition cost | Value |
|---|---|---|---|
| Loyal customers (having ordered in the last 12 months) | 2.5 | 1.0 | 2.5 |
| Other clients | 4.6 | 0.5 | 2.3 |
| **Total** | **7.1** | **1.5** | **4.8** |

**6 Segment information**

The reportable segments reflect the segmentation used for internal reporting purposes, which is presented to the Chief Operating Decision Maker and used for monitoring the operations and the performance of the Group. Each reportable segment is an operating segment identified in accordance with paragraphs 5-10 of IFRS 8 “Operating Segments”. The chief operating decision maker is responsible for managing resources and assessing the profitability of each operating segment. The chief operating decision maker of the Group was identified as the Chairman of the Group in charge of strategic decisions. The chief operating decision maker does not review information regarding the Group’s assets and liabilities.

**6 Segment information (Continued)**

Since the beginning of 2017, the Group's management has further aligned its internal reporting structure to its strategic allowing improved monitoring of the Group's two operating units in France (Light Vehicles and Trucks) and its international operations in the rest of Western Europe. At the end of 2018, after the acquisition of Oscaro, the Group added specific monitoring of its digital BtoC activities.

The chief operating decision maker of the Group monitors profitability by revenue and adjusted EBITDA, a non-GAAP measure which is further defined in the section "Use of adjusted EBITDA" of this note, and by the following operating segments:

- The **Light Vehicles ("LV") France** reportable segment, including headquarter costs attributable to the LV France segment.
- The **Trucks** reportable segment, including headquarters costs attributable to the Trucks segment.
- The **LV International** reportable segment, which includes the following entities:
  - (i) Belgian Doyen Group
  - (ii) Autodis Italia, which owns several acquired Italian companies since May 2017 and those acquired in 2018
  - (iii) Geevers group since its acquisition in 2018
  - (iv) AD Bosch Group in Spain, acquired on 31 July 2019.
- The **Digital BtoC** reportable segment created in 2018 includes Oscaro acquired in the current year.

The central purchasing unit ("CPU") negotiates purchasing conditions for LV France, Trucks and LV International, which are then sold to wholly owned distributors and to affiliated independent distributors. As part of the new segmentation, the CPU's income statement is now broken down between the four segments. This breakdown is primarily based on the detailed supplier analysis. The CPU's revenue and margin are tracked at the supplier level and each supplier was identified as either those providing LV France parts only, those providing truck parts only, providing LV International parts only, or providing all of the segments. For those providing LV France, Truck and LV International parts, revenue and Adjusted EBITDA were further split based on the pro-rata value of the mix of products purchased.

In addition to the four segments identified above, the Group also has the headquarter function, whose activities and the support functions are partially allocated to the LV France and Trucks segments when costs are directly attributable to one of these segments. Costs that cannot be attributed to one of the segments are presented in the "Headquarters" column.

The recoverable amount of goodwill is monitored at the level of each segment (see Note 9.1).

## 6.1 Key indicators by segment

| 2019 (in millions of euros) | LV France | Trucks | LV International | Digital BtoC | Subtotal | Headquarters | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | 910.7 | 165.4 | 461.5 | 259.8 | **1,797.4** | — | **1,797.4** |
| **Adjusted EBITDA** | 121.6 | 5.6 | 37.9 | 2.9 | **168.0** | (13.6) | **154.4** |

| 2018 (in millions of euros) | LV France | Trucks | LV International | Digital BtoC | Subtotal | Headquarters | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | 902.7 | 168.2 | 368.9 | 26.0 | **1,465.8** | — | **1,465.8** |
| **Adjusted EBITDA** | 112.6 | 4.2 | 29.8 | (6.1) | **140.5** | (12.4) | **128.1** |

## 6 Segment information (Continued)

### 6.2 Key indicators by geographical region

| 2019 (in millions of euros) | France | Other countries | Group total |
|---|---|---|---|
| Revenue | 1,361.6 | 435.8 | **1,797.4** |
| Intangible assets | 258.9 | 51.8 | **310.7** |
| Property, plant and equipment | 232.5 | 45.6 | **278.1** |

| 2018 (in millions of euros) | France | Other countries | Group total |
|---|---|---|---|
| Revenue | 1,154.8 | 311.0 | **1,465.8** |
| Intangible assets | 264.5 | 61.4 | **325.9** |
| Property, plant and equipment | 85.2 | 18.4 | **103.6** |

### 6.3 Use of adjusted EBITDA

In assessing the performance of the Group's business, the Group considers a variety of performance and financial measures. The key measure used for determining how the Group's business is performing is Adjusted EBITDA. Management internally assesses the performance and cash flows on a consolidated basis of each operating segment on the basis of Adjusted EBITDA.

Adjusted EBITDA represents operating income from ordinary activities before depreciation and amortization expenses and adjusted for certain items that the Group believes are non-related to ordinary activities or otherwise not reflective of the ongoing performance of the business, namely start-up costs related to new businesses, income and expenses attributable to the implementation of the group transformation plan and the sponsor fees paid to the shareholders and exceptional one-off expense related to professional conferences.

A reconciliation between Operating income from ordinary activities and Adjusted EBITDA and a description of the nature of the adjustments are provided below:

| (in millions of euros) | 2019 12 months | 2018 12 months |
|---|---|---|
| **Operating income from ordinary activities** | **84.7** | **73.5** |
| Depreciation and amortization expenses | 95.0 | 39.4 |
| Start-up costs(1) | 2.2 | 2.3 |
| Non-recurring income and expenses attributable to implementation of the group transformation plan(2) | 18.5 | 8.5 |
| Purchasing power exceptional bonus | — | 1.2 |
| Sponsor fees paid to shareholders(3) | 1.7 | 1.7 |
| Exceptional one-off expenses related to professional conferences(4) | (0.1) | 1.4 |
| Rental costs elimination within IFRS 16 restatement | (47.6) | — |
| **Adjusted EBITDA** | **154.4** | **128.1** |

1) Start-up costs related to the customer website include costs associated with launching of the *IDGARAGES.com* website, which is still in its exploratory phase and generates only marginal revenue;
2) Non-recurring costs related to the implementation of the group transformation plan include legal fees, restructuring costs, or advisory costs related to the financial and capital transformation of the Group;
3) The sponsor fees paid to shareholders, including management long term incentives, if applicable, but excluding social charges;
4) Exceptional expenses related to professional conferences: expenses which occur every 2 and 4 years will be spread.

## 7 Operating performance

Recurring operating income comprises of revenue, cost of goods sold, personnel costs, external expenses, taxes other than on income, other operating income and expenses, and depreciation and amortization expenses. It also includes, in particular, the share of expenses for pension obligations relating to the cost of services rendered during the period, the cost of employee profit-sharing plans, foreign exchange gains and losses relating to recurring operating activities, as well as gains and losses on the disposal of property, plant and equipment and intangible assets in connection with the Group's ordinary activities.

### 7 Operating performance (Continued)

Cost of goods for sale includes purchases of goods, supplier rebates, change in inventories and net additions to inventories depreciation.

Other income and expenses from operations relate to unusual and material events. Other income from operations can include gains on the disposal of operations and on the disposal of property, plant and equipment and intangible assets. Other expenses from operations can include losses on the disposal of operations and on the disposal of property, plant and equipment and intangible assets, as well as any cost relating to past disposals, the costs of restructuring or closing sites and impairment losses on assets.

### 7.1 Revenue

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that asset.

Sales revenue

The Group operates a distribution of spare parts for light vehicles and trucks. Revenue is recognized when control of the products has transferred. Revenue from sales is recognized based on the price specified in the contract, including variable considerations if any.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Direct flow sales commission

The Group also operates sales of spare parts, equipment and tools delivered directly by suppliers to independent distributors that do not pass through the Group's logistics platforms. When such third-party suppliers other than the Group are involved in providing goods to a customer, the Group assesses whether the nature of its promise to the customer is a performance obligation to provide the specified goods itself or to arrange for the suppliers to provide those goods or services. The Group is considered an agent if its performance obligation is to arrange for the provision of goods by the suppliers and revenue is recognized for the amount of any commission to which the Group expects to be entitled in exchange for arranging for the suppliers to provide their goods. The commission earned is net of consideration that the Group retains after paying the suppliers the consideration received in exchange for the goods to be provided by that supplier.

The Group has recognized the following amounts relating to revenue in the consolidated income statement

| | 2019 | 2018 |
|---|---|---|
| Revenue from contracts with customers | 1,797.4 | 1,465.8 |
| **Total revenue** | **1,797.4** | **1,465.8** |

The Group derives revenue from the transfer of goods either as a principal (non-direct flow sales) or as an agent (direct sales transactions) in the following major product lines:

| | 2019 | | | | |
|---|---|---|---|---|---|
| **(in millions of euros)** | **LV France** | **Trucks** | **LV International** | **Digital BtoC** | **Total** |
| Sales revenue | 898.9 | 164.8 | 459.4 | 259.8 | **1,783.4** |
| Direct flow sales commission | 11.8 | 0.6 | 2.2 | — | **14.0** |
| **Revenue from contract with customers** | **910.7** | **165.4** | **461.5** | **259.8** | **1,797.4** |

| | | 2018 | | | |
|---|---|---|---|---|---|
| **(in millions of euros)** | **LV France** | **Trucks** | **LV International** | **Digital BtoC** | **Total** |
| Sales revenue | 887.6 | 168.1 | 366.8 | 26.0 | 1,448.5 |
| Direct flow sales commission | 15.1 | 0.1 | 2.1 | — | 17.3 |
| **Revenue from contract with customers** | **902.7** | **168.2** | **368.9** | **26.0** | **1,465,8** |

## 7 Operating performance (Continued)

The Group does not have any material contract assets or liabilities other than receivables from contracts with customers since all its performance obligations are satisfied at a point in time and there is no significant financing or special payment terms offered to its customers. Refer to Note 7.4 for changes in receivables during the years presented.

### 7.2 Cost of goods sold

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Purchase of goods | (1,054.4) | (881.4) |
| Change in inventories | 14.0 | 35.2 |
| Inventories depreciation | 2.8 | 1.9 |
| **Total cost of goods sold** | **(1,037.6)** | **(844.2)** |

### 7.3 Inventories

Inventories consist primarily of goods purchased from the third-party suppliers and are typically not further modified or transformed by the Group. Inventories are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price at the reporting date, less estimated costs to sell taking into account technical or commercial obsolescence and the risks related to slow-moving items.

Cost is calculated using the last supplier price applicable at 31 December of the reporting period. The cost of inventories also takes into account the impact of discounts and allowances, discounts granted by suppliers, as well as the transportation cost of purchases. Given the fast inventory turnover rate, this method of inventory costing is deemed to be a good approximation of first-in, first-out valuation methodology.

Significant judgements and estimates

Inventory impairment is calculated by applying an impairment rate for each category of unsold products based on the depletion of items and their last date of sale.

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Gross value | 388.8 | 354.1 |
| Impairment | (25.3) | (23.0) |
| **Net value** | **363.5** | **331.0** |

### 7.4 Trade receivables

An impairment loss is recorded for trade receivables when there is an objective indication (such as a probability that the debtor will default or is in serious financial difficulties) that the Group will not be able to recover the amount due under the contractual terms of the invoice. The carrying amount of the trade receivable is reduced using an allowance account. The impaired outstanding amounts are written off when they are deemed non-recoverable.

| (in millions of euros) | 2019 | 2018 restated |
|---|---|---|
| Trade receivables | 331.5 | 317.0 |
| Discounts, rebates and refunds | (58.8) | (70.5) |
| Impairment | (18.5) | (20.2) |
| **Net value** | **254.1** | **226.4** |

The Group has multiple factoring arrangements with financial institutions.

The Group has entered into a factoring agreement with CGA for customer receivables held by ACR. As of 31 December 2019 and 2018, the Group had sold receivables amounting to €10.4 million and €17.8 million, respectively.

Doyen group entered into factoring agreements with KBC, Caisse d'Epargne and BNP to factor receivables for the amount of €13.3 million and €10.9 million as of 31 December 2019 and 2018, respectively.

**7 Operating performance (Continued)**

Under all these factoring arrangements, the Group retains late payment and credit risk and therefore, the Group continues to recognize the transferred receivables in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing and is not offset against the receivables, in accordance with IAS 39. As of 31 December 2019, the Group had a total available credit line of €44.5 million under these arrangements, of which €13.3 million was drawn down.

In 2017, the Group entered into a new factoring agreement with Factofrance and transferred its receivable for the amount of €93.0 million as of 31 December 2019 and for €83.8 million as of 31 December 2018. The full amount of transferred receivables has been derecognized as the Group does no longer retain the risks and rewards concurrent to the ownership of these receivables.

At 31 December 2019, the analysis of trade receivables past due but not impaired was as follows:

| | | | Trade receivables past due | | | | |
|---|---|---|---|---|---|---|---|
| **(in millions of euros)** | **Total** | **Not yet due** | **Less than 30 days** | **Between 30 and 60 days** | **Between 60 and 90 days** | **Between 90 and 120 days** | **More than 120 days** |
| **Trade receivables** | 331.5 | 260.3 | 27.8 | 13.2 | 5.1 | 2.1 | 23.0 |
| Discounts, rebates and refunds | (58.8) | | | | | | |
| Impairment | (18.5) | | | | | | |
| **Total** | **254.1** | | | | | | |

At 31 December 2018, the analysis of trade receivables past due but not impaired was as follows:

| | | | Trade receivables past due | | | | |
|---|---|---|---|---|---|---|---|
| **(in millions of euros)** | **Total** | **Not yet due** | **Less than 30 days** | **Between 30 and 60 days** | **Between 60 and 90 days** | **Between 90 and 120 days** | **More than 120 days** |
| **Trade receivables** | 317.0 | 250.4 | 26.6 | 9.6 | 6.0 | 4.8 | 19.6 |
| Discounts, rebates and refunds | (70.5) | | | | | | |
| Impairment | (20.2) | | | | | | |
| **Total** | **226.4** | | | | | | |

In years 2019 and 2018, impairment relates primarily to trade receivables past due. Changes in impairment of trade receivables are broken down as follows:

| | **2019** | **2018 restated** |
|---|---|---|
| **Balance at 1 January** | **20.2** | **14.2** |
| Additions | 5.2 | 4.1 |
| Reversal | (6.2) | (5.4) |
| Changes in scope of consolidation | 0.3 | 6.1 |
| Reclassifications | (1.0) | 1.2 |
| **Balance at 31 December** | **18.5** | **20.2** |

**7.5 Other current assets**

| **(in millions of euros)** | **2019** | **2018 restated** |
|---|---|---|
| Prepaid expenses | 14.5 | 13.4 |
| Other receivables | 23.0 | 22.0 |
| Accrued income | 0.6 | 0.2 |
| CICE tax credit receivables (see Note 16.2) | 23.1 | 27.9 |
| Other | (1.1) | (1.0) |
| **Total** | **60.1** | **62.5** |

## 7 Operating performance (Continued)

### 7.6 Other current liabilities

Significant judgements and estimates

Trade payables are presented net of end-of-year supplier rebates, which are estimated based on the volumes purchased and the terms of each supplier contract. The amount of rebates claimable in the subsequent year may differ from the provisions initially recognized.

| (in millions of euros) | 2019 | 2018 restated |
|---|---|---|
| **Trade payables** | **236.4** | **245.7** |
| **Other current liabilities:** | | |
| Tax and social security liabilities, personnel | 63.0 | 65.7 |
| Employee profit-sharing (current) | 4.3 | 3.8 |
| Other payables | 19.8 | 22.4 |
| Prepaid income | 3.4 | 3.8 |
| **Sub-total** | **90.5** | **95.7** |
| **Total** | **326.9** | **341.4** |

### 7.7 Personnel costs

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Wages | (263.3) | (223.5) |
| Social security contributions | (89.6) | (75.4) |
| Profit-sharing plans | (7.5) | (7.1) |
| Pension costs | (1.3) | (0.9) |
| **Personnel costs** | **(361.6)** | **(306.9)** |

Pension costs include the addition to provisions for retirement benefits for the year as well as the reversal of provisions as a result of benefits paid during the year.

The Group's workforce at 31 December is broken down as follows :

| Number of employees | 2019 | 2018 |
|---|---|---|
| Engineers and managerial-grade staff | 1,294 | 1,174 |
| Technical and supervisory staff | 930 | 908 |
| Other | 5,123 | 4,820 |
| **Total workforce** | **7,347** | **6,899** |

### 7.8 External expenses

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Rental expenses[(1)] | (9.2) | (48.7) |
| Shipping expenses | (91.8) | (64.9) |
| Maintenance and repairs | (24.4) | (20.0) |
| Legal and other fees | (20.3) | (14.1) |
| IT expenses | (10.4) | (8.7) |
| Advertising expenses | (15.8) | (11.6) |
| Subcontracting | (19.9) | (10.0) |
| Travelling expenses | (6.4) | (5.7) |
| Other expenses | (11.0) | (10.1) |
| **External expenses** | **(209.2)** | **(193.8)** |

(1) Hereof € 47.6 million IFRS 16 restatement in 2019

## 7 Operating performance (Continued)

(i) Other operating income and expenses

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Net (allocation to)/reversal of impairment of receivables | 0.8 | 1.6 |
| Net (allocation to)/reversal of current provisions for liabilities | (0.7) | (1.0) |
| Gain (Loss) on disposals of tangible and intangible fixed assets – continuing operations | 0.8 | (0.1) |
| Other | 2.0 | 2.6 |
| **Other operating revenues and expenses** | **3.0** | **3.1** |

### 7.9 Other income from operations

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Insurance indemnity related to fire accident | — | 0.6 |
| Other income[1] | — | 0.2 |
| **Other income from operations** | — | 0.8 |

(1) For the year ended 31 December 2018, other income includes indemnity received following the winding up of Finelist.

### 7.10 Other expenses from operations

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| IPO project costs carried out in 2018 | — | (7.9) |
| Acquisition fees | (2.0) | (5.1) |
| IT restructuring | (2.7) | (2.4) |
| Strategic review | (4.3) | — |
| **Other expenses from operations** | **(9.0)** | **(15.4)** |

## 8 Employee costs and benefits

The Group's employees benefit from the following plans:

- Defined contribution plans: The benefits paid depend solely on the total contributions made and the return on these investments. The Group's liability is limited to contributions paid which are recorded as an expense.
- Defined benefit plans: In accordance with French legislation, each Group employee receives retirement benefits. These plans are largely unfunded. Actuarial gains and losses from valuation of these plans are recognized immediately in equity. The Group has no multi-employer plans.

Significant judgements and estimates

An independent actuary calculates the Group's commitment under the defined benefit plans annually using the projected unit credit method. These calculations include demographic actuarial assumptions concerning mortality, severance, retirement conditions and future salary projections. Probable future benefits are discounted using a discount rate with reference to the yield on investment-grade bonds.

The cost of defined benefit plans is calculated on the basis of actuarial valuations. These valuations are based on assumptions such as the discount, salary increase, staff turnover and mortality rates. Due to the long-term nature of such plans, there is considerable uncertainty around these estimates.

## 8 Employee costs and benefits (Continued)

### 8.1 Changes in the obligations and provision on the statement of financial position

Changes in the pension obligations recorded in the statement of financial position were as follows:

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| **Obligation at 1 January** | **29.7** | **27.4** |
| Service cost | 2.9 | 2.1 |
| Interest cost | 0.4 | 0.4 |
| Actuarial gains/ (losses) | 1.2 | (1.1) |
| Past service cost | — | — |
| Change in scope of consolidation | — | 2.2 |
| Benefits paid | (1.7) | (1.2) |
| **Obligation at 31 December** | **32.7** | **29.7** |

Changes in the provision recorded in the statement of financial position were as follows:

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| **Provision at January 1st** | **29.5** | **27.2** |
| Expense for the year | 3.4 | 2.4 |
| Benefits paid | (1.7) | (1.2) |
| Actuarial gains (losses) | 1.2 | (1.1) |
| Changes in scope of consolidation/curtailments | — | 2.2 |
| **Provision at December 31** | **32.4** | **29.5** |

### 8.2 Costs of retirement benefits recorded in income

Costs of retirement benefits recorded in the income statement:

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Service cost | (1.3) | (0.8) |
| Past service cost | — | — |
| Interest cost | (0.4) | (0.4) |
| **Expense for the year** | **(1.7)** | **(1.2)** |

### 8.3 Actuarial assumptions

The salary growth rate has been determined on the basis of the Group's projected and historical policy. The long-term salary growth rate was adjusted for the year ended 31 December 2017 based on a study conducted by the actuarial firm in October 2017.

For mortality rates, tables TGH 05 and TGF 05 have been used, which take into account both gender and age factors. The discount rates applied are obtained by reference to the long-term yield on investment-grade bonds, such as the 10-year Euro corporates bonds for AA-grade companies. The valuation assumptions used in the calculations for the periods presented are as follows

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | France / Benelux | Italy | France / Benelux | Italy |
| Discount rate | 0.70% | 0.5% | 1.65% | 1.5% |
| Long-term salary growth rate: | | | | |
| Employees—supervisors | 2.00%/year | 2.00%/year | 2.00%/year | 2.00%/year |
| Managerial-grade staff (*cadres*) | 3.00%/year | 2.00%/year | 3.00%/year | 2.00%/year |

## 8 Employee costs and benefits (Continued)

### 8.4 Sensitivity tests

An increase or decrease of 0.25% in the discount rate and assumed rate of increase in salaries would have the following impacts on the provisions and service cost related to employees in France:

| *(in millions of euros)* | Discount rate | | |
|---|---|---|---|
| | **0.45%** | **0.70%** | **1.90%** |
| Provision in the statement of financial position | 29.3 | 28.4 | 27.5 |
| Service cost | 2.5 | 2.4 | 2.3 |

| *(in millions of euros)* | Long-term salary increase rate | | |
|---|---|---|---|
| Employees—supervisors | **1.75%** | **2.00%** | **2.25%** |
| Managerial-grade staff (*cadres*) | **2.75%** | **3.00%** | **3.25%** |
| Provision in the statement of financial position | 27.5 | 28.4 | 29.3 |
| Service cost | 2.3 | 2.4 | 2.5 |

## 9 Intangible assets and property, plant and equipment

### 9.1 Goodwill

In business combinations, goodwill represents any excess of the amount of consideration transferred and, where appropriate, non-controlling interests, over the net fair value of the acquired company's identifiable assets and liabilities. Goodwill is tested where there are indications of impairment and at least once a year in order to determine whether the carrying amount is less than the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recorded for the difference.

For the purpose of the impairment test, goodwill is grouped with other assets and liabilities of a cash-generating unit (CGU) or a group of CGUs. A CGU is a homogeneous group of assets whose continued use generates cash flows that are largely independent of cash flows generated by other assets or groups of assets.

Significant judgements and estimates

The impairment test consists of measuring the CGU's recoverable amount and comparing it to its carrying amount. The recoverable amount is defined as the higher of fair value less costs to sell and value in use. The value in use of a CGU is determined as the present value of future cash flows expected to be derived from said assets based on the economic conditions and the operating assumptions made by the Group management. An impairment loss recorded against goodwill cannot be reversed upon an increase in the recoverable amount.

| *(in millions of euros)* | Gross value | Impairment | Net value |
|---|---|---|---|
| **At 31 December 2017** | **489.9** | **(363.8)** | **126.0** |
| Newly-consolidated companies | 195.1 | — | 195.1 |
| Disposals | — | — | — |
| Impairment for the period | — | — | — |
| **At 31 December 2018 (published)** | **685.0** | **(363.8)** | **321.1** |
| Oscaro goodwill adjustment | (46.9) | — | (46.9) |
| **At 31 December 2018 (adjusted)** | **638.1** | **(363.8)** | **274.2** |
| Newly-consolidated companies | 43.0 | — | 43.0 |
| Disposals | — | — | — |
| Impairment for the period | — | — | — |
| **At 31 December 2019** | **681.0** | **(363.8)** | **317.2** |

The LV France and HGV segments each represent the lowest level in the Group at which goodwill is monitored for internal management purposes; each segment is considered a CGU, as the synergies resulting from

## 9 Intangible assets and property, plant and equipment (Continued)

acquisitions in these segments benefit the activities of the entire segment due to the Group's vertically integrated distribution model (purchasing, logistics and distribution departments). As indicated in Note 6.3, the Group's management uses the key performance indicator adjusted EBITDA to monitor the synergies arising from acquisitions at segment level.

In 2019, the goodwill was allocated and tested following the following segments:

- LV Frances;
- Trucks;
- LV International.
- Digital BtoC

*Determination of the recoverable value*

***LV France***

At 31 December 2019, the assets tested were valued at €479.3 million. This amount was compared with their value in use of €789.5 million, calculated based on the present value of future cash flows using a discount rate of 8.5% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €710.6 million in the event that objectives in the business plan were achieved at 90%. No sensitivity test was performed on a perpetual growth rate due to the significant margin given by the impairment test result. Since this is higher than the carrying amount of the net assets tested, no asset impairment was recognised.

***For year ended 2019***

***For year ended 2019***

| % achievement of BP | Discount rate: 7.5% | 8.0% | 8.5% | 9.0% | 9.5% |
|---|---|---|---|---|---|
| **90%** | 819.7 | 761.2 | 710.6 | 666.3 | 627.2 |
| **95%** | 865.2 | 803.5 | 750.1 | 703.3 | 662.1 |
| **100%** | 910.7 | 845.8 | 789.5 | 740.3 | 696.9 |

***Trucks***

At 31 December 2019, the trucks CGU's goodwill is exclusively composed by the goodwill related to the acquisition of Bisensang group in March 2017. At 31 December 2019, the assets tested were valued at €43.2 million. This amount was compared with their value in use of €45.0 million, calculated based on the present value of future cash flows using a discount rate of 8.5% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €40.5 million in the event that objectives in the business plan were achieved at 90%. No asset impairment was recognised.

***For year ended 2019***

***For year ended 2019***

| % achievement of BP | Discount rate: 7.5% | 8.0% | 8.5% | 9.0% | 9.5% |
|---|---|---|---|---|---|
| **90%** | 47.9 | 44.0 | 40.5 | 37.5 | 34.8 |
| **95%** | 50.6 | 46.4 | 42.8 | 39.6 | 36.8 |
| **100%** | 53.3 | 48.8 | 45.0 | 41.7 | 38.7 |

## 9 Intangible assets and property, plant and equipment (Continued)

| | | Discount rate 8.5% |
|---|---|---|
| Perpetuity growth rate | 0.50% | 42.3 |
| | 0.75% | 43.6 |
| | 1.00% | 45.0 |
| | 1.25% | 46.5 |
| | 1.50% | 48.0 |

### *LV International*

At 31 December 2019, the assets tested were valued at €329.6 million. This amount was compared with their value in use of €332.5 million, calculated based on the present value of future cash flows using a discount rate of 8.5% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €299.3 million in the event that objectives in the business plan were achieved at 90%, above the carrying amount of the net assets tested. No sensitivity test was performed on a perpetual growth rate because of the significant margin given by the impairment test result. As the value in use is greater than the net book value of the assets tested, no impairment of assets has been recognized.

### *For year ended 2019*

*For year ended 2019*

| % achievement of BP | Discount rate 7.5% | 8.0% | 8.5% | 9.0% | 9.5% |
|---|---|---|---|---|---|
| 90% | 349.4 | 322.5 | 299.3 | 278.9 | 261.0 |
| 95% | 368.8 | 340.5 | 315.9 | 294.4 | 275.5 |
| 100% | 388.2 | 358.4 | 332.5 | 309.9 | 290.0 |

| | | Discount rate 8.5% |
|---|---|---|
| Perpetuity growth rate | 0.50% | 314.8 |
| | 0.75% | 323.4 |
| | 1.00% | 332.5 |
| | 1.25% | 342.3 |
| | 1.50% | 352.8 |

### *Digital BtoC*

At 31 December 2019, the assets tested were valued at €137.4 million. This amount was compared with their value in use of €194.3 million, calculated based on the present value of future cash flows using a discount rate of 11% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €174.8 million in the event that objectives in the business plan were achieved at 90%, above the carrying amount of the net assets tested. No sensitivity test was performed on a perpetual growth rate because of the significant margin given by the impairment test result. As the value in use is greater than the net book value of the assets tested, no impairment of assets has been recognized.

### *For year ended 2019*

*For year ended 2019*

| % achievement of BP | Discount rate 10.0% | 10.5% | 11.0% | 11.5% | 12.0% |
|---|---|---|---|---|---|
| 90% | 196.7 | 185.2 | 174.8 | 165.5 | 157.0 |
| 95% | 207.6 | 195.5 | 184.5 | 174.7 | 165.7 |
| 100% | 218.6 | 205.8 | 194.3 | 183.9 | 174.4 |

## 9 Intangible assets and property, plant and equipment (Continued)

### 9.2 Other intangible assets

Intangible assets acquired separately are valued at acquisition cost. Intangible assets acquired in connection with a business combination are recorded at fair value on the acquisition date. Costs relating to intangible assets created internally are recorded under assets when the criteria set out in IAS 38 Intangible Assets are met.

In accordance with IAS 38 "Intangible Assets", development expenses are are capitalized as an intangible asset when the following criteria are met:

- the technical feasibility of the project is demonstrated;
- the intention exists to finish the project and use or sell the products created during the project;
- the ability to use or sell the products created during the project is demonstrated;
- a potential market for the products created during the project exists or their usefulness, in case of internal use, is demonstrated, leading one to believe that the project will generate probable future economic benefits;
- adequate resources are available to complete the project; and
- the expenditure attributable to the project during its development phase can be reliably measured.

Compliant with IAS 38, research expenses, or development expenses that do not meet the criteria set out above, are recorded as expenses in the year in which they are incurred.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are amortized over their useful lives for accounting purposes and are tested for impairment whenever there is an indication that they may be impaired. Amortization of intangible assets with finite useful lives is recorded in the income statement in the appropriate expense category based on the intangible asset's function. The Group's intangible assets fall into this category and primarily comprise Movex accounting software licenses, as well as capitalized development costs.

Amortization begins when the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets are amortized on a straight-line basis over the following estimated useful life:

| | |
|---|---|
| Software (licences) | 5 years |
| Capitalized development costs | 2 to 5 years |

Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life are not amortized but are tested for impairment at least once a year on 31 December, either individually or at the level of the CGU to which they belong, and whenever there is an indication that they may be impaired.

Impairment

After initial recognition, intangible assets are valued at their acquisition cost less accumulated amortization and impairment. The assets are tested for impairment by comparing its recoverable amount with its net carrying amount, where the recoverable amount is defined as the higher of its fair value less costs to sell and its value in use. It is determined for each asset separately, unless the asset generates cash flows that are largely dependent on the cash flows generated by other assets or groups of assets. Impairment of continuing operations is recorded in the income statement in the appropriate expenses category with regard to the function of the impaired asset. An assessment is made on each reporting date in order to identify whether a previously identified indication of impairment has decreased or no longer exists. In this case, the Group estimates the recoverable amount and an impairment loss previously recorded is reversed to the asset's recoverable amount. When an impairment loss is reversed, the carrying amount of an asset must not exceed the carrying amount that would have been determined, less depreciation and amortization, had no impairment been recorded for said asset during previous periods. An impairment loss reversal is recorded in the income statement.

## 9 Intangible assets and property, plant and equipment (Continued)

Significant judgements and estimates

The amortization period and method for intangible assets with finite useful lives are reviewed at least once a year at the reporting date. The useful life of an intangible asset with an indefinite useful life is reviewed annually at the reporting date in order to determine whether the indefinite useful life assessment is still justified. If it is not, the change in assessment of the nature of the useful life from indefinite to finite is recorded prospectively.

For the purpose of impairment testing, value in use is determined using the projected future cash flows based on the five-year business plan approved by the Executive Committee, discounted by applying a discount rate that reflects current market assessments of the time

**(in millions of euros)**

| Gross value | Software and licenses | Brands | Customer relationships | Other | Total |
|---|---|---|---|---|---|
| **At 31 December 2017** | **85.6** | **170.7** | **58.6** | **2.6** | **317.5** |
| Asset acquisitions | 10.7 | — | — | 0.8 | 11.5 |
| Customer relationship acquisition | — | — | 5.3 | — | 5.3 |
| Reclassification | 1.8 | — | — | (1.9) | (0.1) |
| Asset disposals | (0.1) | — | — | — | (0.1) |
| Business combinations | 6.5 | — | 33.4 | 0.4 | 40.3 |
| Discontinued operations | — | — | — | — | — |
| Foreign exchange gains (losses) | — | — | — | — | — |
| **At 31 December 2018 (published)** | **104.4** | **170.7** | **97.3** | **1.8** | **374.3** |
| Oscaro brand and customer relationship evaluation | | 50.6 | 4.8 | | **55.4** |
| **At 31 December 2018 (adjusted)** | **104.4** | **221.3** | **102.2** | **1.8** | **429.7** |
| Asset acquisitions | 11.4 | — | — | 1.7 | 13.1 |
| Customer relationship acquisition | — | — | — | — | — |
| Reclassification | 1.1 | — | — | (0.5) | 0.6 |
| Asset disposals | — | — | — | (0.1) | (0.2) |
| **At 31 December 2019** | **116.7** | **221.3** | **102.2** | **2.8** | **443.1** |

| Amortization and impairment | Software and licenses | Brands | Customer relationships | Other | Total |
|---|---|---|---|---|---|
| **At 31 December 2017** | **73.7** | **—** | **8.3** | **0.5** | **82.5** |
| Amortization | 8.6 | — | 12.8 | 0.2 | 21.5 |
| Reclassification | (0.1) | — | — | — | (0.1) |
| Impairment and reversals | (0.1) | — | — | — | (0.1) |
| **At 31 December 2018** | **82.0** | **—** | **21.1** | **0.7** | **103.8** |
| Amortization | 12.6 | — | 15.7 | 0.4 | 28.7 |
| Reclassification | (0.1) | — | — | 0.1 | 0.1 |
| Impairment and reversals | (0.1) | — | — | — | (0.1) |
| **At 31 December 2019** | **94.4** | **—** | **36.9** | **1.1** | **132.3** |
| ***Net value*** | | | | | |
| **At 31 December 2018 (published)** | **22.4** | **170.7** | **76.3** | **1.1** | **270.5** |
| **At 31 December 2018 (adjusted)** | **22.4** | **221.3** | **81.1** | **1.1** | **325.9** |
| **At 31 December 2019** | **22.4** | **221.3** | **65.3** | **1.8** | **310.7** |

## 9 Intangible assets and property, plant and equipment (Continued)

### 9.3 Property, plant and equipment

Items of property, plant and equipment, including land, property and the corresponding fixtures, are carried at cost less accumulated depreciation and impairment losses. Routine maintenance costs are expensed as incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

| | |
|---|---|
| Properties | 25 years |
| Equipment and machinery | 10 years |
| General fixtures and fittings | 5 years |
| Transportation equipment | 5 years |
| Furnishings | 5 years |
| IT equipment | 2 years |

The useful lives of the assets and the depreciation methods are reviewed and modified when necessary on each annual reporting date.

An item of property, plant and equipment is derecognized when it is disposed of or when no further future economic benefits are expected from its use. Any gain or loss resulting from derecognizing an asset (calculated on the basis of the difference between the net proceeds on disposal and the net carrying amount) is recorded in the income statement in the year in which it is derecognized.

| (in millions of euros) | Land | Property and fixtures | Technical fittings | Vehicles | IT equipment | Furnishings | Assets under construction | Total excluding IFRS16 impacts | IFRS16 right of use | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross value** | | | | | | | | | | |
| **At 31 December 2017** | **5.7** | **117.1** | **52.5** | **13.2** | **23.6** | **7.7** | **1.0** | **220.9** | **—** | **220.9** |
| Asset acquisitions | — | 7.0 | 4.3 | 2.0 | 2.5 | 0.6 | 5.0 | **21.3** | — | **21.3** |
| Reclassification | — | 0.7 | 0.2 | | 0.2 | (0.1) | (0.8) | **—** | — | **—** |
| Disposals | — | (2.4) | (2.2) | (1.6) | (0.4) | (0.2) | — | **(6.7)** | — | **(6.7)** |
| Business combinations | — | 2.9 | 4.1 | 1.0 | 1.5 | 1.1 | 0.1 | **10.7** | — | **10.7** |
| **At 31 December 2018** | **5.7** | **125.2** | **58.9** | **14.5** | **27.2** | **9.1** | **5.3** | **246.1** | **—** | **246.1** |
| **IFRS16 first application** | | | | | | | | | **180.5** | **180.5** |
| Asset acquisitions | — | 11.6 | 4.9 | 2.7 | 3.5 | 0.9 | 3.2 | 27.0 | 32.4 | 59.3 |
| Reclassification | — | 2.0 | 0.4 | (0.2) | — | 2.0 | (5.6) | (1.0) | (3.2) | (4.2) |
| Disposals | (0.2) | (3.0) | (1.5) | (1.5) | (0.4) | (0.1) | — | (7.0) | (1.9) | (8.6) |
| Business combinations | — | 0.1 | 0.7 | 0.8 | 0.2 | 0.1 | — | 1.9 | 5.5 | 7.4 |
| **At 31 December 2019** | **5.6** | **135.9** | **63.5** | **16.4** | **31.0** | **11.9** | **2.9** | **267.2** | **213.2** | **480.3** |

### 9 Intangible assets and property, plant and equipment (Continued)

| | Land | Property and fixtures | Technical fittings | Vehicles | IT equipment | Furnishings | Assets under construction | Total excluding IFRS16 impacts | IFRS16 right of use | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Depreciation and impairment** | | | | | | | | | | |
| **At 31 December 2017** | **1.6** | **63.7** | **34.5** | **9.0** | **17.2** | **4.5** | **—** | **130.5** | **—** | **130.5** |
| Depreciation | — | 8.2 | 4.0 | 1.8 | 2.9 | 1.0 | — | 17.9 | — | 17.9 |
| Reversals related to disposals of business | — | (1.8) | (2.0) | (1.5) | (0.2) | (0.1) | — | (5.7) | — | (5.7) |
| **At 31 December 2018** | **1.6** | **69.7** | **36.6** | **9.5** | **20.0** | **5.1** | **—** | **142.5** | **—** | **142.5** |
| Depreciation | — | 8.9 | 6.1 | 2.2 | 3.3 | 1.3 | — | 21.8 | **44.5** | **66.3** |
| Reclassification | — | — | — | (0.2) | — | 0.1 | — | (0.1) | **—** | **(0.1)** |
| Reversals related to disposals of business | — | (2.8) | (1.2) | (1.3) | (0.3) | (0.1) | — | (5.6) | **(1.5)** | **(7.1)** |
| Business combinations | — | — | — | — | — | — | — | — | **1.0** | **1.0** |
| **At 31 December 2019** | **1.6** | **75.8** | **41.5** | **10.2** | **23.0** | **6.4** | **—** | **158.6** | **43.6** | **202.2** |
| ***Net Value*** | | | | | | | | | | |
| **At 31 December 2018** | 4.1 | 55.5 | 22.3 | 5.0 | 7.2 | 4.0 | 5.3 | 103.6 | — | 103.6 |
| **At 31 December 2019** | 4.0 | 60.0 | 22.0 | 6.1 | 8.1 | 5.4 | 2.9 | 108.6 | 169.5 | 278.1 |

#### 9.3.1 Reconciliation of depreciation and amortization expense recorded in the income statement

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Intangible assets from acquired business combinations | (15.7) | (12.8) |
| Other intangible assets | (13.0) | (8.7) |
| Total intangible assets | (28.7) | (21.5) |
| Right of use depreciation (IFRS16) | (44.5) | — |
| Property, plant and equipment | (21.8) | (17.9) |
| Total intangible assets | (66.3) | (17.9) |
| **Depreciation and amortization expense** | **(95.0)** | **(39.4)** |
| Depreciation and amortization expense related to discontinued operations | — | — |
| **Depreciation and amortization expense from continuing operations** | **(95.0)** | **(39.4)** |

#### 9.3.2 Reconciliation of property, plant and equipment and intangible asset acquisitions shown in the statement of cash flows

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Intangible assets (excl. customer relationships) | 13.1 | 11.5 |
| Tangible assets (excl. IFRS16 acquisition) | 26.9 | 21.3 |
| **Acquisitions of non-current assets, total** | **40.0** | **32.8** |
| *less* Acquisitions of non-current assets from discontinued operations | — | — |
| **Acquisitions of non-current assets from continuing operations** | **40.0** | **32.8** |

## 10 Other non-current assets

| (in millions of euros) | Loans | Deposits, guarantees and other sureties | Total |
|---|---|---|---|
| ***Gross value*** | | | |
| **At 31 December 2017** | **10.5** | **9.0** | **19.6** |
| Acquisitions | 0.5 | 4.1 | **4.6** |
| Reclassification | — | (0.2) | **(0.2)** |
| Disposals | (5.6) | (1.4) | **(7.1)** |
| Business acquisitions | 0.6 | 8.4 | **9.0** |
| Foreign exchange gains/ (losses) | — | — | — |
| **At 31 December 2018 (published)** | **6.0** | **19.9** | **25.9** |
| Business acquisitions | **—** | **2.0** | **2.0** |
| **At 31 December 2018 (adjusted)** | **6.0** | **21.9** | **27.9** |
| Acquisitions | 0.9 | 4.1 | **5.0** |
| Reclassification | — | 0.5 | **0.5** |
| Disposals | (1.1) | (1.5) | **(2.6)** |
| Business acquisitions | 0.2 | 0.3 | **0.5** |
| **At 31 December 2019** | **6.0** | **25.3** | **31.3** |
| ***Amortization and impairment*** | | | |
| **At 31 December 2017** | **0.1** | **0.2** | **0.2** |
| Amortization and impairment | 0.5 | 0.2 | 0.7 |
| **At 31 December 2018** | **0.6** | **0.4** | **1.0** |
| Amortization and impairment | — | (0.2) | (0.2) |
| **At 31 December 2019** | **0.6** | **0.2** | **0.7** |
| ***Net value*** | | | |
| **At 31 December 2018 (published)** | **5.4** | **19.5** | **24.9** |
| **At 31 December 2018 (adjusted)** | **5.4** | **21.5** | **26.9** |
| **At 31 December 2019** | **5.4** | **25.0** | **30.5** |

## 11 Provisions

A provision is recorded when the Group has a current obligation (legal or implied) arising as a result of a past event, when it is likely that an outflow of resources representing economic benefits will be necessary in order to settle the obligation and the amount of the obligation can be reliably estimated. In the ordinary course of its operations, the Group may be involved in legal procedures relating to industrial disputes, commercial disputes, etc. In such cases, in conjunction with its legal advisors, the Group analyses the circumstances of the disputes and assesses the probability that an outflow of resources will be required to settle them.

When the Group expects the provision to be partly or wholly refunded, for example through an insurance policy, the refund is recorded as a separate asset but only if it is virtually certain. The amount of the expense corresponding to a provision is recorded in the income statement net of any refunds.

If the effect of the time value of money is material, provisions are discounted on the basis of a current rate before tax, which reflects the risks specific to the liability. When the provision is discounted, the increase relating to the passage of time is recorded as a financial expense.

Changes in current provisions are as follows:

| (in millions of euros) | 31 Dec 2018 (adjusted) | Newly consolidated | Reclassifi-cations | Additions and disposals | Reversals (used provisions) | Reversals (surplus provisions) | 31 Dec. 2019 |
|---|---|---|---|---|---|---|---|
| Employee disputes | **2.4** | — | (0.1) | 1.1 | 1.1 | 0.4 | **1.9** |
| Site closures | **0.3** | — | — | — | 0.1 | 0.1 | **0.1** |
| Tax risk | **2.7** | — | — | — | 0.2 | 0.2 | **2.3** |
| Sales disputes | **5.2** | — | — | 0.2 | 3.4 | 1.0 | **1.0** |
| Other provisions | **3.0** | (0.2) | — | 0.2 | 0.7 | 0.1 | **2.2** |
| **Total** | **13.5** | **(0.2)** | **(0.1)** | **1.5** | **5.5** | **1.8** | **7.5** |

### 11 Provisions (Continued)

In collective proceedings, Klarius France, a manufacturer of automotive spare parts in France, sued Autodistribution and some of its subsidiaries before the Commercial Court (*Tribunal de Commerce*) for the sudden termination of an established commercial relationship. Their claim is for approximately €2.4 million. No provision was booked in the Group's consolidated financial statements at 31 December 2019. The Commercial Court handed down a judgment on 23 March 2017 that exonerated Gadest and Autodistribution, and retained the potential liability of three other subsidiaries, adding that the €0.3 million in compensation is secured by Klarius' English parent companies in collective proceedings. This judgement is not enforceable. In this context, Group confirms its historical position and consider that the probability of an outflow of resources has not been demonstrated, taking into account the facts and circumstances of the lawsuit. An appeal in "cassation" was formulated on October 11, 2018 by the liquidator of Klarius. The Group is therefore awaiting briefs and a date for oral argument.

### 12 Financial assets and liabilities

Financial assets

IFRS 9 introduces a classification approach for financial assets, either at amortized cost or at fair value. The financial asset is classified in its entirety and is not subject to complex rules of decomposition.

Two criteria are used to determine how financial assets should be classified and measured:

- the business model of the entity for the management of financial assets, and
- the characteristics of the contractual cash flows of the financial asset.

For a financial asset in the scope of IFRS 9, there are 3 types of economic models:

- If the objective of the business model is exclusively to hold financial assets to cash out contractual cash flows: the financial asset is measured at amortized cost.
- If the objective of the business model is both to hold financial assets to cash out in contractual cash flows and to sell financial assets: the financial asset is measured at fair value through profit or loss.
- If financial assets that are not held in any of the two business models above are measured at fair value through profit or loss.

The Group's financial assets are classified as financial assets at fair value through profit or loss and in the category of financial assets measured at amortized cost.

Financial liabilities

All loans are initially recorded at fair value, less directly related transaction costs.

After initial recognition, interest-bearing loans are valued at amortized cost using the effective interest rate method. The issue costs have an impact on the initial carrying amount and are recognized over the term of the loan using the effective interest rate method. The amortized issue costs are presented as a deduction from the liabilities to which they relate.

Gains and losses are recorded in the income statement when the liabilities are derecognized through the amortized cost mechanism.

Fair value

IFRS 13 *Fair Value Measurement*, as effective for as of 1 July 2014, establishes a fair value hierarchy consisting of three levels:

Level 1: prices on the valuation date for identical instruments to those being valued, quoted on an active market to which the entity has access;

Level 2: directly observable market inputs other than Level 1 inputs;

## 12 Financial assets and liabilities (Continued)

Level 3: inputs not based on observable market data (for example, data derived from extrapolations).This level applies when there is no observable market or data and the entity is obliged to rely on its own assumptions to assess the data that other market participants would have applied to price other instruments.

Cash and cash equivalents are measured at level 1 of the fair value hierarchy.

At 31 December 2019:

| (in millions of euros) | Assets/liabilities at fair value through income | Assets/ liabilities at amortized cost | Total net carrying amount | Total fair value |
|---|---|---|---|---|
| Financial assets at fair value through income | 0.8 | — | 0.8 | **0.8** |
| Other non-current assets, net | — | 30.5 | 30.5 | **30.5** |
| Trade receivables, net | 254.1 | — | 254.1 | **254.1** |
| Other current assets, net | — | 60.1 | 60.1 | **60.1** |
| Cash and cash equivalents | 71.3 | — | 71.3 | **71.3** |
| **Financial assets** | **326.2** | **90.6** | **416.8** | **416.8** |
| Borrowings and debt (current and non-current) | 1.2 | 1,280.9 | 1,282.1 | **1,282.1** |
| Trade payables | 236.4 | | 236.4 | **236.4** |
| Other non-current liabilities | | 10.0 | 10.0 | **10.0** |
| Other current liabilities(1) | | 27.4 | 27.4 | **27.4** |
| **Financial liabilities** | **237.6** | **1,318.4** | **1,556.0** | **1,556.0** |

At 31 December 2018:

| (in millions of euros) | Assets/liabilities at fair value through income | Assets/ liabilities at amortized cost | Total net carrying amount | Total fair value |
|---|---|---|---|---|
| Financial assets at fair value through income | 0.9 | — | 0.9 | **0.9** |
| Other non-current assets, net | — | 24.9 | 24.9 | **24.9** |
| Trade receivables, net | 223.5 | | 223.5 | **223.5** |
| Other current assets, net | | 62.6 | 62.6 | **62.6** |
| Cash and cash equivalents | 81.3 | | 81.3 | **81.3** |
| **Financial assets (published)** | **305.7** | **87.5** | **393.2** | **393.2** |
| Adjustments—Other non-current assets, net | | **2.0** | **2.0** | **2.0** |
| Adjustments—Trade receivables, net | **2.9** | | **2.9** | **2.9** |
| Adjustments—Other current assets, net | | **(0.1)** | **(0.1)** | **(0.1)** |
| **Financial assets (adjusted)** | **308.6** | **89.4** | **398.0** | **398.0** |
| Borrowings and debt (current and non-current) | 1.2 | 1,013.1 | 1,014.2 | **1,014.2** |
| Trade payables | 244.8 | | 244.8 | **244.8** |
| Other non-current liabilities | | 5.5 | 5.5 | **5.5** |
| Other current liabilities(1) | | 27.6 | 27.6 | **27.6** |
| **Financial liabilities (published)** | **246.0** | **1,046.2** | **1,292.1** | **1,292.1** |
| Adjustments—Trade payables | **0.9** | | **0.9** | **0.9** |
| Adjustments—Other current liabilities(1) | | **2.4** | **2.4** | **2.4** |
| **Financial liabilities (adjusted)** | **246.9** | **1,048.6** | **1,295.4** | **1,295.4** |

(1) Excluding tax and social security liabilities outside the scope of IAS 39.

## 12 Financial assets and liabilities (Continued)

### 12.1 Long-term debt

#### 12.1.1 Group financing as of 31 December 2019

On January 30, 2019, the Group issued new Senior Secured Floating Rate Notes at Euribor+5.5% rate due in 2022 for €175.0 million, at an issue price of 99.25%. Refinancing fees amount to €4.6 million. The proceeds from this additional Notes issuance were used to repay the Revolving Credit Facility line of €90.0 million. The remaining balance has been used to partially redeem the existing Senior Secured Floating Rate Notes at Euribor +4.375% rate for €72.0 million.

At 31 December 2019, the Group's financing are as follows:

| Bond issue (in millions of euros unless otherwise indicated) | Nominal value | Fair value | Value at amortized cost | Fixed interest rates | Variable interest rates | Maturity | Comments |
|---|---|---|---|---|---|---|---|
| Senior secured floating rate notes | 443.0 | 444.4 | 436.9 | — | Euribor+4.375% | April 2022 | Fully underwritten |
| Senior secured fixed rate notes | 175.0 | 175.6 | 170.6 | — | Euribor+5.5% | April 2022 | Fully underwritten |
| Senior secured fixed rate notes | 260.0 | 261.2 | 257.4 | 4.375% | — | April 2022 | Fully underwritten |
| Sup Bonds | 1.2 | 1.2 | | | | | Fully underwritten |

In addition, the Revolving Credit Facility line was used for € 50 million in the context of the acquisition of AD Bosch.

#### 12.1.2 Group financing as of 31 December 2018

On 5 July 2018, the Group issued an additional €175.0 million of the Senior Secured Floating Rate Notes paying variable interest at Euribor +4.375%, maturing in 2022 at an issue price of 99.5%.

At 31 December 2018, the Group's financing are as follows:

| Bond issue (in millions of euros unless otherwise indicated) | Nominal value | Fair value | Value at amortized cost | Fixed interest rates | Variable interest rates | Maturity | Comments |
|---|---|---|---|---|---|---|---|
| Senior secured floating rate notes | 515.0 | 500.0 | 506.5 | — | Euribor+4.375% | April 2022 | Fully underwritten |
| Senior secured fixed rate notes | 260.0 | 247.3 | 256.4 | 4.375% | — | April 2022 | Fully underwritten |
| Sup Bonds | 1.2 | 1.2 | | | | | Fully underwritten |

The Revolving Credit Facility was used for €90 M in connection with the acquisition of an equity stake in Oscaro on November 13, 2018. This facility was repaid in 2019 thanks to the refinancing detailed in paragraph 12.1.1

## 12 Financial assets and liabilities (Continued)

### 12.1.3 Refinancing transactions

The refinancing transactions are summarized in the table below:

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Senior Secured Notes | 173.7 | 175.0 |
| Refinancing fees | (4.6) | (5.2) |
| Revolving credit facility—drawing | 50.0 | 90.0 |
| Other loans | 8.8 | 3.4 |
| **Increase in borrowings** | **227.8** | **263.2** |
| Repayment of Revolving credit facility | (90.0) | — |
| Repayment of Senior Secured Notes | (72.1) | — |
| CICE financing | — | (5,9) |
| Repayment of IFRS16 borrowings | (41.3) | — |
| Repayment of other borrowings and loans | (6.6) | (1.2) |
| **Repayment of borrowings** | **(210.0)** | **(7.1)** |

### 12.1.4 Non-current borrowings and debt by maturity

The amounts below include contractual cash flows net of projected repayments plus interest payable.

At 31 December 2019

| | Interest payments | | | | Gross repayments | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions of euros) | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Total |
| Senior Secured Notes | 40.5 | 60.5 | | **100.9** | | 878.0 | | **878.0** | **978.9** |
| Sup Bonds | | | | | 1.2 | | | **1.2** | **1.2** |
| Revolving credit facility | | | | | 50.0 | | | **50.0** | **50.0** |
| Amounts owed under finance leases | 0.1 | | | **0.1** | 1.3 | 2.3 | | **3.6** | **3.7** |
| Other borrowings and accrued interest | 0.2 | | | **0.2** | 71.7 | 6.4 | | **78.1** | **78.4** |
| Lease debt (IFRS16) | 4.6 | 10.6 | 2.4 | **17.6** | 37.6 | 110.6 | 28.1 | **176.2** | **193.8** |
| **Total non-current borrowings and debt** | **45.4** | **71.1** | **2.4** | **118.8** | **161.8** | **997.3** | **28.1** | **1,187.2** | **1,306.0** |

At 31 December 2018

| | Interest payments | | | | Gross repayments | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions of euros) | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Total |
| Senior Secured Notes | 33.9 | 84.7 | — | **118.6** | — | 775.0 | — | **775.0** | **893.6** |
| Sup Bonds | — | — | — | **—** | 1.2 | — | — | **1.2** | **1.2** |
| Revolving credit facility | — | — | — | **—** | 90.0 | — | — | **90.0** | **90.0** |
| Amounts owed under finance leases | 0.1 | — | — | **0.1** | 1.0 | 2.2 | — | **3.2** | **3.3** |
| Other borrowings and accrued interest | 0.2 | 0.1 | — | **0.3** | 24.3 | 7.0 | — | **31.3** | **31.6** |
| **Total non-current borrowings and debt** | **34.2** | **84.8** | **—** | **119.0** | **116.5** | **784.2** | **—** | **900.7** | **1,019.7** |

## 12 Financial assets and liabilities (Continued)

### 12.1.5 Breakdown of borrowings and debt by type

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| ***Non-current*** | | |
| Senior Secured Notes | 864.9 | 762.9 |
| Value of put option held by minority shareholders | 56.0 | 48.6 |
| Amounts owed under finance leases (more than one year)[1] | 2.3 | 2.2 |
| IFRS16 Lease right of use related debt (more than one year) | 138.7 | — |
| Other borrowings and accrued interest[2] | 6.4 | 6.9 |
| **Sub-total of non-current borrowings and debt** | **1,068.2** | **820.7** |
| ***Current*** | | |
| Senior Secured Notes interest | 6.7 | 5.7 |
| Sup Bonds | 1.2 | 1.2 |
| Value of put option held by minority shareholders | 14.7 | 6.1 |
| Amounts owed under finance leases (less than one year)[1] | 1.3 | 1.0 |
| Revolving credit facility | 50.0 | 90.0 |
| Other borrowings (less than one year)[2] | 27.0 | 24.3 |
| CGA, KBC, BNP, Factofrance factoring | 22.7 | 22.0 |
| Italian local lines of credit | 39.5 | 39.5 |
| Bank overdrafts[3] | 7.8 | 3.9 |
| IFRS16 Lease right of use related debt (less than one year) | 37.6 | |
| **Sub-total of current borrowings and debt** | **213.8** | **193.6** |
| **Total borrowings and debt** | **1,282.0** | **1,014.3** |

(1) Amounts owed under finance leases are the result of leases and sale and leaseback agreements used to finance the purchase of vehicles and certain investments in real estate, IT and furniture.
(2) Borrowings and debt incurred by some of the Group's subsidiaries.
(3) Bank overdrafts in France and bank account debit balances resulting from normal time lags between the value date for banking purposes and entry dates in the accounts.

Interest on bank overdrafts used by the Group and its subsidiaries is charged at market rates.

At 31 December 2019, the Group had available credit lines of €101.6 million as follows:

| | Conditions | Drawdowns |
|---|---|---|
| Revolving credit facility – JP Morgan | €100.0 million at Euribor +3.5%<br>7 €17.1 M out of reach – guaranty purpose<br>8 €82.9 M available for funding | €50M funding drawdown |
| FPLS – BPO | Short-term overdraft: €1.7 million | Partial drawdown of €1.1 million |
| ACR group – CGA factoring | €15.0 million at CGA +0.70% | Full available |
| Doyen group – KBC factoring | €11.5 million at Euribor +0.95% | Partial drawdown of €9.3 million |
| Doyen group – BNP factoring | €18.0 million at Euribor +0.60% | Partial drawdown of €4.0 million |
| Doyen group – Club Deal (BNP/KBC/ING) | Revolving credit limited to €12.0 million | Full drawdown |
| Doyen group – Overdrafts and facilities | Overdrafts and facilities limited to €3.0 million | Partial drawdown of €2.8 million |
| Geevers – Credit line | €10.8 million | Partial drawdown of €7.2 million |
| Oscaro – ARKEA/BNP overdrafts and credit line | €5.3 million | Full drawdown |
| Autodis Italia Srl Group – *ricevuta bancaria* | €68.3 million (BNL, CREDEM, etc.) | Partial drawdown of €39.5 million |
| AD Bosch (Spain) Discounts line - Caixa/Sabadell/Santander/Bankinter | €9.3 million | Partial drawdown of €5.2 million |
| AD Bosch (Spain) Non-Recourse Factoring - Caixa | €0.15 million | Partial drawdown of €0.1 million |

The Group also has a deconsolidating factoring agreement with Factofrance. At December 31, 2019, the associated debt amounts to € 9.7 million.

## 12 Financial assets and liabilities (Continued)

### 12.2 Cash and cash equivalents

Cash and cash equivalents recorded in the statement of financial position include cash at bank and on hand, short term deposits with a term of three months or less and marketable securities which meet the criteria of cash equivalents, i.e., investments that are:

short-term;

highly liquid;

readily convertible into known amounts of cash; and

subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include the cash and cash equivalents as defined above, less bank overdrafts.

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Cash equivalents | — | 0.1 |
| Cash at bank and on hand | 71.3 | 81.0 |
| Restricted cash | — | 0.2 |
| **Total** | **71.3** | **81.3** |

The carrying amount of all these items corresponds to their fair value.

For the purposes of the consolidated statement of cash flows, the "Cash and cash equivalents" heading includes the following items at 31 December:

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Cash equivalents | — | 0.1 |
| Cash at bank and on hand | 71.3 | 81.0 |
| Restricted cash | — | 0.2 |
| Bank overdrafts | (7.8) | (3.9) |
| **Net cash and cash equivalents – continuing operations** | **63.5** | **77.4** |

### 12.3 Liabilities from financing activities

| (in millions of euros) | At 31 December 2018 | Cash flows from financing activities | Cash flows from investing activities | Other non-cash movements | At 31 December 2019 |
|---|---|---|---|---|---|
| Senior Secured Notes, net of issuance cost(1) | 762.9 | 97.1 | | 4.9 | 864.9 |
| Revolving credit facility | 90.0 | (40.0) | | | 50.0 |
| Other borrowings | 31.3 | 1.7 | | 0.4 | 33.4 |
| Factoring | 22.0 | 0.7 | | | 22.7 |
| Amounts owed under finance lease | 3.2 | 0.5 | | | 3.7 |
| Value of put option on non-controlling interests | 54.7 | | (4.8) | 20.7 | 70.6 |
| Spanish credit lines | — | (1.4) | | 6.7 | 5.3 |
| Italian credit lines | 39.5 | (0.2) | | 0.2 | 39.5 |
| Sup Bonds | 1.2 | | | | 1.2 |
| Lease debt (IFRS16) | — | (41.3) | | 217.6 | 176.2 |
| **Total liabilities from financing activities** | **1,004.8** | **17.1** | **(4.8)** | **250.5** | **1,267.6** |

(1) The Senior Secured Notes are shown here net of unamortized portion of capitalized debt issuance costs of €13.1 million and €12.1 million as of 31 December 2019 and 2018, respectively.

## 12 Financial assets and liabilities (Continued)

### 12.4 Financial income

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Income from financial investments | 0.2 | 0.4 |
| Gains on the disposal of non-current financial assets | 0.4 | 0.7 |
| Other | 0.5 | 0.4 |
| **Total financial income** | **1.1** | **1.5** |

### 12.5 Financial expense

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Cost of external loans and bank overdrafts | (45.8) | (35.0) |
| Accretion of financial debt | (5.0) | (2.6) |
| Expenses related to financial instruments | (0.8) | (0.9) |
| Interest cost of provision for retirement benefits | (1.0) | (0.4) |
| Value adjustment on Oscaro shares acquired in 2018 | | (4.7) |
| Interests on lease right of use (IFRS 16) | (4.8) | — |
| Other financial expenses | (0.5) | (0.5) |
| **Total financial expenses** | **(57.9)** | **(44.0)** |

### 12.6 Financial risk management objectives and policies

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the payment of dividends to shareholders, repay some of the capital or issue new shares. The Group does not have any equity-based covenants.

The Group's main instruments consist of borrowings and bank overdrafts, amounts owed under finance leases, trade payables, lease agreements with a purchase option and loans granted. The financial instruments are contracted principally to finance the Group's operating activities. The Group has other financial assets such as trade receivables, cash and cash equivalents and short-term deposits, which are generated directly by its operations.

The main risks related to the Group's financial instruments are cash flow interest rate risk, foreign exchange risk, counterparty risk and liquidity risk. The policies in place for managing these risks are summarized below.

The Group manages its capital in such a way as to optimize debt to equity ratios and the financial leverage obtained by debt.

#### 12.6.1 Interest rate risk

The Group borrows at fixed and variable rates, and is therefore exposed to interest rate risk on the portion of debt corresponding to the €443.0 million Senior Secured Notes paying interest at Euribor +4.375% and to the €175.0 million Senior Secured Notes paying interest at Euribor +5.5%.

An increase in the 3-month Euribor rate would have the following impacts on the interest costs related to the Senior Secured Notes:

| | 3-month Euribor | | | | | | |
|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | **0.00%** | **0.10%** | **0.20%** | **0.30%** | **0.50%** | **0.70%** | **1.00%** |
| €443.0 million debt | 19.4 | 19.8 | 20.3 | 20.7 | 21.6 | 22.5 | 23.8 |
| €175.0 million debt | 9.6 | 9.8 | 10.0 | 10.2 | 10.5 | 10.9 | 11.2 |
| **Interest cost** | **29.0** | **29.6** | **30.3** | **30.9** | **32.1** | **33.4** | **35.0** |

## 12 Financial assets and liabilities (Continued)

### 12.6.2 Foreign exchange risk

Following the disposal of the Poland business, the Group does not have any subsidiaries whose functional currency is other than euro.

### 12.6.3 Counterparty risk

The Group's policy is to verify up front the financial health of all customers that wish to obtain payment credit terms.

The Group has put in place procedures for monitoring outstanding receivables in order to reduce its credit default exposure. These procedures are based on classifying customers by type, payment history, past or present financial difficulties, and the existence of any legal proceedings.

Regarding the credit risk relating to the Group's other financial assets, particularly cash and cash equivalents, available-for-sale financial assets and some derivative instruments, the Group's exposure relates to potential defaults by the third parties concerned and its maximum exposure equals the carrying amount of these instruments.

### 12.6.4 Liquidity risk

The Group's objective is to maintain a balance between the continuity and flexibility of financing through the use of bank borrowings, bonds, finance leases and purchases on credit.

### 12.6.5 Capital management

The Group's main objective in terms of its capital management is to ensure that it maintains a good credit risk rating and healthy capital ratios so as to facilitate its operations and maximise value for shareholders

## 13 Income tax

The Group opted for tax consolidation in France. This option concerns all the Group's French companies with the exception of non-material subsidiaries.

*Income tax payable*

Income tax assets and liabilities payable in respect of the current year and previous years are valued at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws applied to determine said amounts are those that had been enacted or substantively enacted at the reporting date.

The tax payable in relation to items recorded directly in equity is recorded in equity rather than in the income statement.

The 2010 French Finance Act introduced the Territorial Economic Contribution (*Contribution Economique Territoriale* – CET), which includes the Company Value-Added Contribution (*Cotisation sur la Value Ajoutée des Entreprises* – CVAE). The Group has analysed the methods for determining said contribution with regard to the provisions adopted by the International Financial Reporting Interpretations Committee (IFRIC) and the French national accounting board (*Conseil National de la Comptabilité* – CNC) and it concluded that this contribution meets the definition of tax payable according to IAS 12. This contribution has therefore been classified in the "Income tax" line of the financial statements since 1 January 2010.

### 13.1 Tax expense

The tax benefit/ (expense) for the reference years is as follows:

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| Current tax benefit/ (expense) | (6.0) | (4.2) |
| Deferred tax benefit | 10.6 | (2.9) |
| Company Value-Added Contribution (CVAE) | (6.8) | (5.4) |
| **Income tax benefit/ (expense)** | **(2.2)** | **(12.6)** |

## 13 Income tax (Continued)

### 13.1.1 Tax proof

Reconciliation between the effective tax expense and the theoretical tax charge based on the tax rate applicable in France is as follows:

| (in millions of euros) | 2019 | 2018 |
|---|---|---|
| **Income (loss) before tax** | **18.9** | **16.3** |
| Theoretical tax: tax rate | 34.43% | 34.43% |
| **Theoretical tax benefit (expense)** | **(6.5)** | **(5.6)** |
| Differences in tax rates | (0.1) | 0.3 |
| Company Value-Added Contribution (CVAE) | (6.8) | (5.4) |
| Recognition and utilization of tax loss carryforwards – France | 12.3 | 4.4 |
| Permanent reintegration | (0.4) | 1.0 |
| Other | (0.7) | (7.3) |
| **Tax benefit (expense) recorded in the consolidated income statement** | **(2.2)** | **(12.6)** |
| Effective tax rate | 11.6% | 75.9% |

### 13.2 Deferred tax

Deferred tax is recorded using the balance sheet liability method for any timing differences existing at the reporting date between the tax base of the assets and liabilities and their carrying amount in the statement of financial position.

Deferred tax liabilities are recorded for any taxable timing differences while deferred tax assets are recorded for any deductible timing differences and unused tax losses and tax credits carried forward, to the extent that it is probable that a taxable profit will be available against which they may be offset. Deferred tax assets and liabilities are valued at the tax rate that is expected to apply for the year in which the asset is realized or the liability settled, on the basis of tax rates (and tax rules) enacted or substantively enacted at the reporting date. Deferred taxes related to items recognized directly in equity is recorded in equity rather than in the income statement.

Deferred tax assets and liabilities are offset if there is a legally enforceable right of set-off and when they relate to the same taxable entity and tax authority.

Significant judgements and estimates

The calculation of the amount of deferred tax assets that can be recognized requires management to estimate how long it will take to use up the losses carried over and the level of future taxable profits in light of tax management strategies. Recognized deferred tax assets are calculated on the basis of the Group's six-year business plan for the year ended 31 December 2017 and of five-year business plan for the years ended 31 December 2016 and 2015.

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced if it no longer appears probable that sufficient taxable profits will be available against which some or all of said deferred tax assets can be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and recognized if it becomes likely that future taxable profits will be available against which they can be utilized.

Breakdown of deferred tax according to type before set off:

| (in millions of euros) | 2019 | 2018 restated |
|---|---|---|
| Deferred tax on adjustments to pension liabilities for companies not consolidated for tax purposes | 0.8 | 0.8 |
| Deferred tax on recognition of loss carryforwards—France | 69.3 | 64.3 |
| Deferred tax on the remeasurement of the Autodistribution brand | 20.3 | 20.3 |
| Deferred tax on Oscaro brand and client relationship valuation | 7.0 | 7.2 |
| Deferred tax on miscellaneous adjustments | 4.4 | 4.1 |
| **Deferred tax assets before set off** | **101.8** | **96.6** |

## 13 Income tax (Continued)

| (in millions of euros) | 2019 | 2018 restated |
|---|---|---|
| Deferred tax on the remeasurement of the Autodistribution brand | (40.5) | (40.5) |
| Deferred tax on actuarial gains and losses on pension obligations | (1.2) | (1.3) |
| Deferred tax on acquisition of intangible assets through business combinations | (17.4) | (22.1) |
| Deferred tax on miscellaneous adjustments | (3.9) | (3.5) |
| Deferred tax on Oscaro brand and client relationship evaluation | (14.3) | (14.3) |
| **Deferred tax liabilities before set off** | **(77.3)** | **(81.6)** |
| **Deferred tax assets recognized in the statement of financial position** | **33.0** | **71.9** |
| **Deferred tax liabilities recognized in the statement of financial position** | **8.6** | **57.0** |

In 2006, the Group exercised the expanded tax base option (which allows offset of income from companies in a previous tax group against losses in the new tax group in which they belong) for companies Parts Europe (formerly Autodis) consolidates for tax purposes. This tax consolidation group's tax loss carry-forwards were offset against the taxable income of the profitable companies in an expanded base in 2019. There is also a French tax consolidation group whose parent company is Parts Holding Europe and which includes the companies acquired after 2006 and the companies in the expanded tax base (previously consolidated with Parts Europe for tax purposes).

In 2019, the fiscal group's result is—€3.6 million. In 2018, it was nil.

According to French Finance Act of 2013, effective as of 31 December 2012, loss carry-forward is limited to €1.0 million plus 50% of the profit exceeding that amount. Taxable profit is calculated initially at the level of the expanded base by offsetting 50% of the tax loss carry-forwards. The result obtained is then included in the Parts Holding Europe tax consolidation group to which the 50% recognition limit for tax loss carryforwards also applies.

A tax planning exercise for operations in France was carried out on the basis of the six-year business plan for France to determine the future utilization of tax loss carry-forwards in light of existing offset rules and to assess the deferred tax asset to be recognized in the financial statements at 31 December 2019.

This exercise shows that €208.0 million in tax loss carry-forwards would be utilized, i.e., a tax saving of €57.3 million. As a precautionary measure, and as there is little visibility beyond the timeframe of the business plan, the deferred tax asset recognized in the financial statements was limited to this amount.

At 31 December 2019, tax loss carry-forwards, after utilizing €34 million in 2019, stood at €83.8 million for the expanded base and €287.3 million for the Parts Holding Europe tax consolidation group in France.

No other deferred tax asset was recorded in respect of consolidation adjustments likely to reverse in the long term. As these adjustments fall outside the time horizon of the Group's 2020 budget and the five-year business plan, the Group deemed it prudent not to record any deferred tax assets after the said period, except as a deduction from the deferred tax liabilities identified at the reporting date. At 31 December 2019, unrecognized tax loss carry-forwards amounts to €153.0 million.

## 14 Issued capital and reserves

| (in millions of euros) | Share capital | Consolidated reserves | Non-controlling interests | Total equity |
|---|---|---|---|---|
| **At 31 December 2017** | **75.3** | **31.6** | **(0.3)** | **106.6** |
| IFRS9 impact | — | (0.9) | — | (0.9) |
| **At 1 January 2018** | **75.3** | **30.7** | **(0.3)** | **105.7** |
| Capital decrease | (7.0) | (58.4) | — | (65.4) |
| Other changes | — | (2.0) | 1.4 | (0.7) |
| Dividends paid | — | — | (0.3) | (0.3) |
| Net income for the year | — | 3.4 | 0.3 | 3.7 |
| Other comprehensive income/ (expense) | — | — | — | — |
| **At 31 December 2018** | **68.3** | **(26.3)** | **1.0** | **43.0** |
| IFRIC23 impact | | (0.8) | | (0.8) |
| **At 1 January 2019** | **68.3** | **(27.2)** | **1.0** | **42.2** |
| Capital decrease | | | | |
| Other changes | | (5.1) | (0.1) | (5.3) |
| Dividends paid | | | (0.3) | (0.3) |
| Net income for the year | | 14.9 | 1.8 | (16.7) |
| Other comprehensive income/ (expense) | | | | |
| **At 31 December 2019** | **68.3** | **(17.5)** | **2.5** | **53.3** |

On 11 June 2015, the Group's sole shareholder decided to buy back the ordinary shares held by the previous owner of the Group, Parts Holdings Coöperatief UA, for an amount of €18,476,190.43 through a capital decrease in the same amount, which led to a €21,523,810 decrease in the Group's consolidated reserves.

On 15 November 2016, the share capital and reserves of Parts Holding Europe was reduced by €54,232,314.91 and €94,822,687, respectively, as a result of the bond issuance and other financing transactions.

As of 31 December 2017, the share capital of Parts Holding Europe amounted to €75,311,807.83, represented by 77,641,039 shares with a par value of €0.97. No preference shares were issued.

As of 31 December 2018, the share capital of Parts Holding Europe amounted to €68,263,141.45, represented by 35,187,186 shares with a par value of €1.94. No preference shares were issued.

As of 31 December 2019, no preference shares were issued.

## 15 Earnings per share

Basic earnings per share are calculated by dividing the net income for the period attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares held in treasury stock.

| | 2019 | 2018 |
|---|---|---|
| Net income from continuing operations attributable to owners of the parent *(in millions of euros)* | 14.9 | 3.4 |
| Weighted average number of ordinary shares (in number of shares) | 35,187,186 | 35,187,186 |
| **Total basic earnings per share (in euros per share)** | **0.423** | **0.097** |

The Group did not issue any dilutive equity instruments in 2019.

## 16 Commitments

### 16.1 Commitments under operating leases

The Group has entered into operating leases relating primarily to real estate and light and commercial vehicles, as well as payment terminals and miscellaneous IT and office equipment. These future rents are historically presented in this section. Since 1 January 2019, most of the contracts have been restated following the IFRS16 application. The minimum future rents payable under non-cancellable operating leases are as follows, in its entirety for 2018 and excluding IFRS16 restated contracts for 2019:

#### 16.1.1 Rent payables under operating leases at 31 December 2019

| (in millions of euros) | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Real estate rental | — | — | — | **—** |
| Vehicle rental | — | — | — | **—** |
| Other | 0.9 | 0.9 | — | **1.8** |
| **Total** | **0.9** | **0.9** | **—** | **1.8** |

#### 16.1.2 Rent payables under operating leases at 31 December 2018

| (in millions of euros) | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Real estate rental | 33.4 | 104.4 | 45.0 | **182.9** |
| Vehicle rental | 4.5 | 6.8 | — | **11.3** |
| Other | 2.0 | 2.8 | 0.2 | **5.0** |
| **Total** | **39.9** | **114.0** | **45.3** | **199.2** |

Rental expenses for 2018 amount to €48.7 million.

### 16.2 Guarantees

#### 16.2.1 Guarantees relating to the Senior Secured Notes and Super Senior Revolving Credit Facility Agreement

The assets pledged as collateral are those of Parts Holding Europe and Autodistribution.

*Pledges*

Four categories of asset have been pledged as part of the Senior Secured Notes and Super Senior Revolving Credit Facility Agreement financing arrangements:

- Pledge of equity interests:

The following securities have been pledged as collateral under the financing arrangements:

| Pledged securities (In number of shares) | Parts Holding Europe | Parts Europe | SDFM | Magenta Auto Pièces | Auto-distribution |
|---|---|---|---|---|---|
| Parts Europe | 5,420,840,892 | | | | |
| Autodistribution | | 3,790,300 | 158,472 | 149,996 | |
| SDFM | | 175,297 | | | |
| Magenta Auto Pièces | | 8,557 | | | |
| Cora | | | | | 5,883 |
| Cofirhad | | | | | 195,170 |
| AD Grand Ouest | | | | | 1,815,040 |
| ACR | | | | | 1,770 |

## 16 Commitments (Continued)

- Pledge of bank accounts

The following corporate bank accounts have been pledged as collateral under the financing arrangements:

| | Pledged bank accounts |
|---|---|
| Parts Holding Europe | BNP Paribas |
| Parts Europe | BNP Paribas |
| Autodistribution | BNP Paribas, Crédit Lyonnais, Natixis |
| Cora | Crédit Lyonnais |
| Cofirhad | BNP Paribas, La Banque Postale |
| AD Bassin Parisien | Crédit Lyonnais |
| AD Sud Ouest | BNP Paribas, Crédit Lyonnais |
| AD Grand Ouest | BNP Paribas, Crédit Lyonnais |
| ACR | Société Générale, Crédit Lyonnais |

- Pledged receivables

The following intragroup receivables have been pledged as collateral under the financing arrangements:

| | Pledged intragroup receivables |
|---|---|
| Parts Holding Europe | Parts Europe |
| Parts Europe | Autodistribution, |
| Autodistribution | Magenta Auto Pièces, SDFM, Gibelin Espace Auto, Ile de France Poids Lourds, FPLS, FIA, Gadest, Autodistribution SOGO, Gadso, AD Grand Ouest, Etablissements Rembaud, AD Normandie Maine, Autodistribution Gobillot Rhône, Comptoir du Frein, Logisteo, Bremstar, Comptoir VI, Girde, Cogemad, Cofirhad, TCS, AD BPN, Val de Loire PL, Cora, Busnengo, Digital Aftermarket, STAC, Autodistribution Poids Lourds, Plateforme Technique Nationale Montajault |

- Pledge of the brands owned by Autodistribution:
  - "L'Autodistribution" (term) in France under registration number 1629230;
  - "Autodistribution" (semi-figurative) in France under registration number 1554818;
  - "AD" (term and design) in France under registration number 1629231.

*Bank covenants*

The Revolving Credit Facility Agreement includes a covenant on the amount that may be financed. Financing added to the Senior Secured Notes divided by consolidated pro forma EBITDA may not exceed a ratio of 0.7:1. This covenant must be tested each quarter whenever drawdowns on the Revolving Credit Facility Agreement are equal to or greater than 35%.

The Doyen group must issue consolidated financial statements with minimum €20 million in adjusted shareholders' equity.

### 16.2.2 Other Group guarantees

The guarantees below were given by Autodistribution SA to FPLS group banks:

- Banque Populaire de l'Ouest: €1.2 million in respect of overdrafts plus €0.5 million in respect of the discount line.

The Doyen financing guarantees are described below:

- Doyen Auto and Doyen Auto Belgium: Club agreement with BNP Fortis, ING and KBC for €12.0 million.

## 16 Commitments (Continued)

### 16.3 Personal training account

The personal training account is managed by a third party through *Caisse des dépôts et consignations*. The related contributions—amounting to 0.2% of payroll—are paid over to Caisse des dépôts et consignations via two training organizations (OPCA and OPACIF). All of the Group's entities are subject to the rules governing the personal training account.

## 17 Transactions with related parties

### Relationship with the shareholder

The sole shareholder of Parts Holding Europe SAS is Dakar Acquisition SA, a subsidiary of Bain Capital. In 2018 and 2019, the Group paid management fees, including the sponsor fees, in the amount of €1.9 million and €2.1 million to Dakar Acquisition SA.

### Relations with equity-accounted companies

Neoparts is an independent distributor with contractual relationships with the Autodistribution purchasing unit for automotive spare parts.

AD International is a company governed by Belgian law that negotiates preferential tariffs with suppliers for all members of the AD network. Each year, the Group receives end-of-year rebates depending on the volumes it has purchased.

Parts Holdings Italy was a wholly-owned subsidiary of the Group until the Group sold 80% of the shares to Giadi in 2013.

The Group did not have any significant intercompany transactions with these investees in the years ended 31 December 2019 and 2018. There are no restrictions on the transfer of funds with these entities or any unrecognized share of losses, in accordance with the equity method.

### Relationship with Parts Holding Europe managers

At the time of the acquisition of Parts Holding Europe, the new main shareholder, Bain Capital, entered into an arrangement with certain managers of the Group. Parts Holding Europe managers subscribed to shares in Dakar Holdings SCA at a price that approximates the market price of the underlying shares at the date of grant.

The Parts Holding Europe managers further agreed to sell back to Bain Capital the shares in Dakar Holdings SCA in the event they leave the Group before a certain service period. The selling price of the shares is determined on the basis of a number of conditions including the service period and the nature of the departure (voluntary or dismissal).

In the Group's consolidated financial statements, this arrangement was classified within equity, as the Group did not have any obligation to settle the transaction with the Parts Holding Europe managers. In addition, since the investment by the Parts Holding Europe managers was measured at fair value, no expense was recognized in income for the year.

### 17.1 Management compensation

The key management personnel of a group are those persons having authority and responsibility for planning, managing and supervising the activities of the entity, directly or indirectly, including any director (executive or otherwise) of that entity.

The Group's key management personnel are the members of the Executive Committee, directors, area managers and brand general managers.

### 17 Transactions with related parties (Continued)

Compensation paid by the Group in 2019 and 2018 is set out in the table below.

| (in millions of euros) | 2019[(1)] | 2018[(1)] |
|---|---|---|
| Basic salaries | 6.8 | 6.4 |
| Bonuses | 2.7 | 2.9 |
| Social security (excl. paid leave and termination benefits) | 4.2 | 4.0 |
| Other | — | 0.1 |
| **Personnel costs, net (excl. paid termination benefits)** | **13.7** | **13.4** |
| Termination benefits | 0.6 | 0.4 |

(1) Management personnel present at 31 December.

No directors' fees have been paid or are payable in 2019.

### 18 Fees paid to statutory auditors

Fees paid to the Group's statutory auditors in France and recognized in the consolidated statement of income are as follows:

| *(in millions of euros unless otherwise indicated)* | Deloitte | | | | E&Y | | | | Others | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 19 | 18 | % 19 | % 18 | 19 | 18 | % 19 | % 18 | 19 | 18 | % 19 | % 18 |
| Statutory audit, certification and audit of the individual and consolidated financial statements | 1.3 | 1.3 | 98% | 68% | 0.9 | 0.9 | 88% | 64% | 0.2 | — | 100% | — |
| Other audit engagements | — | — | — | — | — | — | — | — | — | — | — | — |
| **Subtotal** | **1.3** | **1.3** | **98%** | **68%** | **0.9** | **0.9** | **88%** | **64%** | **0.2** | **—** | **100%** | **—** |
| Tax services | — | — | 1% | 1% | — | — | — | — | — | — | — | — |
| Other non-audit services | — | 0.5 | 1% | 31% | 0.1 | 0.5 | 12% | 36% | — | — | — | — |
| **Subtotal** | **—** | **0.5** | **2%** | **32%** | **0.1** | **0.5** | **12%** | **36%** | **—** | **—** | **—** | **—** |
| **Total** | **1.3** | **1.8** | **100%** | **100%** | **1.0** | **1.5** | **100%** | **100%** | **0.2** | **—** | **100%** | **—** |

### 19 Events after the end of the reporting period

**Impact of Covid -19**

Our spare parts distribution and repair activities for light vehicles and trucks were considered by the government to be essential for the functioning of the country and appear in the list of businesses that can remain open, by decree of March 15, 2020.

Indeed, our services allow the maintenance of mobility which has been recognized by the government as essential, even if its exercise is limited. Our platforms and distributors are required to deliver spare parts to the entire light vehicles and trucks repair sector, including our own network. They are involved in repairing vehicles potentially used by medical staff or vehicles transporting them. Similarly, workshops can also be required to repair trucks, essential for supplying stores with foodstuffs, and vehicles of people involved in all activities which are recognised as essential, to ensure their mobility.

In this period of public transport understandable restriction, a certain number of our fellow citizens—the medical staff but also the bakeries and supermarkets employees, retirement homes staff, cleaning staff, food distribution platforms and transport companies employees and many more—must move in compliance with the rules set by the public authorities. They require spare parts needed to repair their vehicles.

Keep on providing them with our service means contributing, as a responsible and civic company, to the functioning of the country.

## 19 Events after the end of the reporting period (Continued)

However, even though we wish to contribute to the country's Economic Continuity Plan, we note a very significant drop in turnover in some of our entities.

At this stage, these events have a short-term impact on our operations due to the uncertainty about the duration of the measures implemented and the catch-up effect to be anticipated over the rest of the 2020 financial year. Furthermore, we do not anticipate any major impact in the medium term, particularly in the time frame of our strategic plan.

In order to structurally protect the Group and our employees, the following action plan has been taken:

- partial unemployment measures, depending on local situations.
- implementation, for each country, of government support, including taxes and social security charges delays.
- renewal confidence with our banks.
- implementation of punctual financing guaranteed by the different countries.
- daily monitoring of cash disbursements to the most vulnerable of our partners.

In addition, the group has a very good level of cash, enabling it to largely meet its short-term maturities.

The group therefore remains confident in its ability to overcome the negative impacts of this health crisis and then resume normal activities as soon as the pandemic is over, without assuming its duration.

### Renegotiation of the Revolving Credit Facility

The Super Senior Revolving Credit Facility was renegotiated to extend it for an additional 54 months, expiring on August 5, 2024, under the same terms and conditions as before (note 12.1.5).

## 20 Consolidated companies

At 31 December 2019 and 2018, the scope of consolidation was as follows:

| | Consolidation method | Country | % interest 2019 | % control 2019 | % interest 2018 | % control 2018 |
|---|---|---|---|---|---|---|
| PARTS HOLDING EUROPE SAS (formerly Autodis group) | Parent | France | 100,00 | 100,00 | 100,00 | 100,00 |
| ACR | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AD BASSIN PARISIEN NORD | Full | France | 99,99 | 100,00 | 99,99 | 100,00 |
| AD Belux | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| AD Bosch Industrial | Full | Spain | 75,00 | 100,00 | | |
| AD Bosch Recanvis | Full | Spain | 75,00 | 100,00 | | |
| AD Bosch Serveis | Full | Spain | 75,00 | 100,00 | | |
| AUTODISTRIBUTION GOBILLOT RHONE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AD GRAND OUEST | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AD INTERNATIONAL | Equity method | Belgium | 14,90 | 14,90 | 20,00 | 20,00 |
| AD NORMANDIE MAINE | Full | France | 79,40 | 100,00 | 79,40 | 100,00 |
| AD Parts Intergroup | Full | Spain | 75,00 | 100,00 | | |
| API Aube | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| API Marne | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Ariane | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| PARTS EUROPE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Autodis Holding Italia SRL | Full | Italy | 69,128 | 100,00 | 55,00 | 100,00 |
| Autodis Italia Acquisti srl | Full | Italy | 100,0 | 100,00 | 70,00 | 100,00 |
| Autodis Italia SRL | Full | Italy | 100,00 | 100,00 | 100,00 | 100,00 |
| AUTODISTRIBUTION | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AUTODISTRIBUTION POIDS LOURDS | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AUTODISTRIBUTION SOGO | Full | France | 99,95 | 100,00 | 99,95 | 100,00 |
| BDN—Grup EINA | Equity method | Spain | 37,50 | 37,50 | 37,50 | 37,50 |
| BREMSTAR | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| BUSNENGO | Full | France | 99,98 | 100,00 | 99,98 | 100,00 |
| COFIRHAD | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| COGEMAD | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| COMPTOIR DU FREIN | Full | France | | | 100,00 | 100,00 |
| COMPTOIR VI | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| CORA SAS | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| DIGITAL AFTERMARKET | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| DIGITAL AUTO PARTS HOLDING | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Doyen Auto Belgique | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| Doyen Auto France | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Doyen Auto Holding | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| Doyen Auto Pays Bas | Full | The Netherlands | 100,00 | 100,00 | 100,00 | 100,00 |
| VERVIERS FREINS | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| ETABLISSEMENT ROUGON QUEYREL 05 | Full | France | | | 100,00 | 100,00 |
| ETABLISSEMENTS REMBAUD | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| FIA | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| FGL | Full | Italy | 69,128 | 100,00 | 55,00 | 100,00 |
| FPLS GROUPE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |

## 20 Consolidated companies (Continued)

| | Consolidation method | Country | % interest 2019 | % control 2019 | % interest 2018 | % control 2018 |
|---|---|---|---|---|---|---|
| AD POIDS LOURDS GOBILLOT | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| GADEST | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| GADSO | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| GENFIN SRL | Full | Italy | 69,128 | 100,00 | 55,00 | 100,00 |
| GENERAL AUTO SRL | Full | Italy | | | 55,00 | 100,00 |
| GENERAL PARTS SRL | Full | Italy | | | 55,00 | 100,00 |
| GLOBAL SERVICE SRL | Full | Italy | | | 55,00 | 100,00 |
| GP ITALIA SRL | Full | Italy | | | 55,00 | 100,00 |
| GSP EUROPE SRL | Full | Italy | | | 55,00 | 100,00 |
| GO LOGISTICS SRL | Full | Italy | 69,128 | 100,00 | 55,00 | 100,00 |
| GIBELIN | Full | France | 99,92 | 100,00 | 99,92 | 100,00 |
| GIRDE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| GLASS AUTO SERVICE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| ILE DE France POIDS LOURDS | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| IPS | Full | Spain | 75,00 | 100,00 | | |
| LOGISTEO | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| LOEK Autoparts BV | Full | Belgium | 100,00 | 100,00 | | |
| MAGENTA AUTOS PIECES | Full | France | 99,97 | 100,00 | 99,97 | 100,00 |
| MONDIAL PARE BRISE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| MAILLOT PIECES POIDS LOURDS | Full | France | 100,00 | 100,00 | | |
| LOIRE PARE BRISE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Lubrial Oil | Full | Spain | 75,00 | 100,00 | | |
| OVAM | Full | Italy | 69,128 | 100,00 | 55,00 | 100,00 |
| PAO | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| Partenaires produits et services (PPS) | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| PARTS Distributizione Italia | Equity method | Italy | 18,16 | 20,00 | 18,16 | 20,00 |
| PARTS HOLDINGS Italie | Equity method | Italy | 20,00 | 20,00 | 20,00 | 20,00 |
| Plateforme Tech. Nationale Montajault | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Port Marly Accessoires (PMA) | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Proxi Pièces Auto (PPA) | Full | France | 95,00 | 100,00 | 95,00 | 100,00 |
| RICAUTO | Full | Italy | 69,128 | 100,00 | 55,00 | 100,00 |
| RM DISTRIBUTION | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SARCO | Full | Italy | 69,128 | 100,00 | 55,00 | 100,00 |
| SARL AUTO CONTRÔLE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SARL FRA | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SARPI | Full | Italy | 69,128 | 100,00 | 33,00 | 60,00 |
| SCI LORAT | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SDFM | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SERVICE SRL | Full | Italy | | | 55,00 | 100,00 |
| SIRAUTO SRL | Full | Italy | 69,128 | 100,00 | 29,70 | 54,00 |
| SLPA | Equity method | France | 49,00 | 49,00 | 49,00 | 49,00 |
| TEAM RICAMBI | Full | Italy | 69,128 | 100,00 | | |
| TOP CAR | Full | Italy | 69,128 | 100,00 | 55,00 | 100,00 |
| TRUCK CAR SERVICES | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AD PL CENTRE OUEST | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| VAD | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |

## 20 Consolidated companies (Continued)

| | Consolidation method | Country | % interest 2019 | % control 2019 | % interest 2018 | % control 2018 |
|---|---|---|---|---|---|---|
| OSCARO Holding | Full | France | 82,49 | 100,00 | 82,49 | 100,00 |
| OSCARO.COM | Full | France | 82,49 | 100,00 | 82,49 | 100,00 |
| OLCANI | Full | France | 82,49 | 100,00 | 82,49 | 100,00 |
| OSCARIOS RECAMBIOS | Full | Spain | 82,49 | 100,00 | 82,49 | 100,00 |
| OSCARO BE | Full | Belgium | 82,49 | 100,00 | 82,49 | 100,00 |
| 3C.COM | Full | France | 82,49 | 100,00 | 82,49 | 100,00 |
| OLGA | Full | France | 82,49 | 100,00 | 82,49 | 100,00 |
| OSCARO PORTUGAL | Full | Portugal | 82,49 | 100,00 | 82,49 | 100,00 |
| GEEVERS AUTO PARTS (NETHERLANDS) | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AUTOPLAAT | Full | The Netherlands | | | 100,00 | 100,00 |
| GEEVERS AUTO PARTS (BELGIUM) | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| MANDAATPARTS | Full | The Netherlands | | | 100,00 | 100,00 |
| DISCOUNT DEPOT AUTOTEILE | Full | Germany | 100,00 | 100,00 | 100,00 | 100,00 |
| GEKA CAR PARTS | Full | The Netherlands | | | 100,00 | 100,00 |
| PRAEFECTUS | Full | The Netherlands | 100,00 | 100,00 | 100,00 | 100,00 |
| SSZ | Full | The Netherlands | 100,00 | 100,00 | 100,00 | 100,00 |

CONSTANTIN ASSOCIES
Member of Deloitte Touche Tohmatsu limited

ERNST & YOUNG et Autres

*This is a translation into English of the statutory auditors' report on the consolidated financial statements of Parts Holding Europe issued in French and it is provided solely for the convenience of English speaking users. This statutory auditor's report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**Parts Holding Europe**
Year ended December 31, 2018

**Statutory auditors' report on the consolidated financial statements**

**CONSTANTIN ASSOCIES**
Member of Deloitte Touche Tohmatsu limited
6 place de la Pyramide
92908 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

**ERNST & YOUNG et Autres**
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

**Parts Holding Europe**

Year ended December 31, 2018

**Statutory auditors' report on the consolidated financial statements**

To the sole shareholder of Parts Holding Europe,

**Opinion**

In compliance with the engagement entrusted to us by decision of your sole shareholder, we have audited the accompanying consolidated financial statements of Parts Holding Europe for the year ended December 31, 2018.

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, 2018 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.

**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 1st of January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

**Justification of Assessments**

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 following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

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.

Note 3.3 "*Significant judgements and estimates*" in the notes to the consolidated financial statements outlines the accounting method used by your company in terms of inventory impairment, year-end rebates received from suppliers, staff expenses and benefits, impairment of goodwill and intangible assets and deferred tax assets, and the methods that involve estimates.

We have assessed the reasonableness of these estimates. We also verified that this note to the consolidated financial statement provides appropriate information.

At each closing, the group conducts an impairment test of goodwill and intangible assets with an indefinite life, and also assesses whether there is any indication of impairment of long-term assets value, as described in notes 9.1 and 9.2 to the consolidated financial statements. We reviewed how this impairment test was implemented, the data and assumptions used, and the calculations performed by the group. We also verified that notes 3.3, 7.10, 7.11, 9.2 and 9.1 to the consolidated financial statements provide appropriate information.

**Specific verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's management report of the President.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

**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 consolidated financial statements were approved by the President.

**Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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.

Paris-La Défense, April 12, 2019

The Statutory Auditors
*French original signed by*

| | |
|---|---|
| **CONSTANTIN ASSOCIES**<br>*Member of Deloitte Touche Tohmatsu limited* | **ERNST & YOUNG et Autres** |
| Benoît PIMONT | Henri-Pierre Navas |

**Parts Holding Europe SAS**
**Consolidated Financial Statements**
**For the year ended 31 December 2018**

## TABLE OF CONTENTS



### Notes to the consolidated financial statements

## Consolidated income statement

| (in millions of euros) | Notes | 2018 12 months | 2017 Restated 12 months |
|---|---|---|---|
| **REVENUE** | *7.1* | **1 465.8** | **1 254.8** |
| Cost of goods for sale | *7.2* | (844.2) | (699.5) |
| Personnel costs | *7.7* | (306.9) | (276.0) |
| Other purchases and external expenses | *7.8* | (193.8) | (166.2) |
| Taxes | | (11.3) | (11.1) |
| Other operating income and expenses | *7.9* | 3.1 | 5.5 |
| Depreciation/amortisation expense | *9.3.1* | (39.4) | (29.8) |
| **RECURRING OPERATING INCOME** | | **73.5** | **77.8** |
| Other income from operations | *7.10* | 0.8 | 0.7 |
| Other expenses from operations | *7.11* | (15.4) | (13.4) |
| **OPERATING INCOME** | | **58.8** | **65.1** |
| Financial Income | *12.4* | 1.5 | 4.3 |
| Financial expenses | *12.5* | (44.0) | (31.2) |
| Share of income of associates | | — | (0.3) |
| **INCOME BEFORE TAX** | | **16.3** | **37.9** |
| Income tax | *13* | (12.6) | (5.4) |
| **NET INCOME FROM CONTINUING OPERATIONS** | | **3.7** | **32.6** |
| Net income (loss) from discontinued operations | *5.1.2.4* | — | (1.3) |
| **NET INCOME FOR THE PERIOD** | | **3.7** | **31.3** |
| Owners of the parent: | | | |
| Net income from continuing operations | | 3.4 | 31.9 |
| Net income from discontinued operations | | — | (1.3) |
| Net income attributable to owners of the parent | | 3.4 | 30.6 |
| Non-controlling interests: | | | |
| Net income from continuing operations | | 0.3 | 0.7 |
| Net income from discontinued operations | | — | — |
| Net income attributable to non-controlling interests | | 0.3 | 0.7 |
| **Basic earnings per share (in euros per share)** | | | |
| From continuing operations | *15* | — | 0.411 |
| From discontinued operations | | — | — |
| **Diluted earnings per share (in euros per share)** | | | |
| From continuing operations | | — | 0.411 |
| From discontinued operations | | — | — |

## Consolidated statement of comprehensive income

| (in millions of euros) | 2018 12 months | 2017 12 months |
|---|---|---|
| **NET INCOME** | **3.7** | **31.3** |
| **Items that will not be reclassified subsequently to profit/ (loss)** | | |
| Actuarial gains/ (losses) on defined benefit plans – continuing operations | 1.1 | 3.0 |
| Deferred taxes on actuarial gains/ (losses) – continuing operations | (0.1) | (0.5) |
| **OTHER COMPREHENSIVE INCOME/ (EXPENSE) FROM CONTINUING OPERATIONS** | **1.0** | **33.8** |
| Other comprehensive income/ (expense) from discontinued operations | | 1.8 |
| **TOTAL COMPREHENSIVE INCOME** | **4.7** | **35.6** |
| Attributable to: | | |
| Owners of the parent: | 4.4 | 34.9 |
| Non-controlling interests | 0.3 | 0.7 |

## Consolidated statement of financial position

| | Notes | December 2018 | December 2017 Restated(1) |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill, net | *9.1* | 321.1 | 126.0 |
| Intangible assets, net | *9.2* | 270.5 | 235.0 |
| Property, plants and equipments, net | *9.3* | 103.6 | 90.4 |
| Investments in associates | | 4.6 | 5.7 |
| Available-for-sale financial assets | *12* | — | 2.2 |
| Financial assets at fair value through income | *12* | 0.9 | — |
| Other non-current assets, net | *10* | 24.9 | 19.3 |
| Deferred tax assets | *13.2* | 64.7 | 47.4 |
| **TOTAL NON-CURRENT ASSETS** | | **790.4** | **526.0** |
| Inventories, net | *7.3* | 331.0 | 263.8 |
| Trade receivables, net | *7.4* | 223.5 | 220.4 |
| Other current assets, net | *7.5* | 62.6 | 53.1 |
| Cash and cash equivalents | *12.2* | 81.3 | 71.6 |
| Current tax receivables | | 3.9 | 2.6 |
| **TOTAL CURRENT ASSETS** | | **702.4** | **611.5** |
| **TOTAL ASSETS** | | **1492.8** | **1 137.5** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | *14* | 68.3 | 75,3 |
| Other reserves | *14* | (20.4) | 9.3 |
| Net income attributable to the owners of the parent | | 3.4 | 30.6 |
| **SHAREHOLDERS' EQUITY—PART GROUP** | | **51.3** | **115.2** |
| **NON-CONTROLLING INTERESTS** | | **1.0** | **(0.3)** |
| **TOTAL EQUITY** | | **52.3** | **114.9** |
| Non-current borrowings and debts | *12.1.5* | 820.7 | 619.7 |
| Non-current provisions | *8.1* | — | — |
| Liabilities relating to employee benefits | *11* | 29.5 | 27.2 |
| Deferred tax liabilities | *13.2* | 42.7 | 15.3 |
| Other non-current liabilities | | 5.5 | 5.1 |
| **TOTAL NON-CURRENT LIABILITIES** | | **898.3** | **667.2** |
| Current borrowings and debts | *12.1.5* | 193.6 | 76.4 |
| Current provisions | *11* | 10.5 | 7.1 |
| Trade payables | *7.6* | 244.8 | 195.3 |
| Other current liabilities | *7.6* | 93.4 | 75.2 |
| Derivative financial instruments | | — | 1.3 |
| **TOTAL CURRENT LIABILITIES** | | **542.3** | **355.3** |
| **TOTAL EQUITY AND LIABILITIES** | | **1 492.8** | **1 137.5** |

(1) Figures have been restated in accordance with note 3.

## Consolidated statement of changes in equity

| (in millions of euros) | Share capital | Foreign exchange gains/ (losses) | Actuarial gains/ (losses) on defined benefit pension plans | Consolidated reserves | Shareholders' equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **At 31 December 2016** | **75.3** | **(2.7)** | **6.8** | **41.2** | **120.6** | (0.6) | **120** |
| Net income for the year | **—** | **—** | **—** | 30.6 | 30.6 | 0.7 | **31.3** |
| Other comprehensive income/ (expense) | **—** | 1.8 | 2.5 | — | 4.3 | — | **4.3** |
| **Comprehensive income/ (expense)** | **75.3** | **(0.9)** | **9.3** | **71.8** | **155.6** | **—** | **155.6** |
| Capital decrease | **—** | **—** | — | — | — | — | **—** |
| Other changes | **—** | — | — | (0.2) | (0.2) | — | **(0.2)** |
| Dividends paid | **—** | **—** | — | (40.0) | (40.0) | (0.4) | **(40.4)** |
| **At 31 December 2017** | **75.3** | **(0.9)** | **9.3** | **31.6** | **115.2** | **(0.3)** | **114.9** |
| IFRS9 adoption impact | **—** | **—** | **—** | **(0.9)** | (0.9) | — | **(0.9)** |
| **At 1 January 2018** | **75.3** | **(0.9)** | **9.3** | **30.7** | **114.3** | **(0.3)** | **114.0** |
| Net income for the year | **—** | **—** | **—** | **3.4** | 3.4 | 0.3 | **3.7** |
| Other comprehensive income/ (expense) | — | — | 1.0 | — | 1.0 | — | 1.0 |
| **Comprehensive income/ (expense)** | **75.3** | **(0.9)** | **10.3** | **34.1** | **118.7** | **—** | **118.7** |
| Capital decrease | (7.0) | — | — | (58.4) | **(65.4)** | — | **(65.4)** |
| Other changes | — | — | — | (2.0) | **(2.0)** | 1.3 | **(0.7)** |
| Dividends paid | **—** | **—** | **—** | **—** | **—** | (0.3) | **(0.3)** |
| **At 31 December 2018** | **68.3** | **(0.9)** | **10.3** | **(26.3)** | **51.3** | **1.0** | **52.3** |

## Consolidated statement of cash flows

| | Notes | 2018 12 months | 2017 Restated[1] 12 months |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| **Net income** | | **3.7** | **31.3** |
| Adjustment for net income from discontinued operations | | — | 1.3 |
| Adjustments for income and expenses with no cash impact | | | |
| *—Depreciation and amortization expenses* | *9* | 39.4 | *29.8* |
| *—Provisions (net of reversals)* | *11* | 0.1 | *2.8* |
| *—Impairment of intangible assets (net of reversals)* | *9.1 & 9.2* | — | — |
| *—Gain or loss on fixed assets sold* | | 0.5 | |
| *—Financial income and expenses with no cash impact* | | 13.3 | *3.6* |
| *—Other income and expenses with no cash impact* | | 0.4 | *0.1* |
| Adjustments for financial income and expenses with cash impact | | 29.1 | 23.2 |
| Income taxes | *13* | 12.6 | 5.4 |
| Changes in working capital, net | | | |
| *—Inventories* | | (37.1) | *(9.7)* |
| *—Trade receivables* | | 20.3 | *44.4* |
| *—Trade payables* | | (7.6) | *(9.1)* |
| *—Other receivables and payables* | | (6.5) | *(11.3)* |
| Income taxes paid | | (9.3) | (8.8) |
| **Net cash from (used in) operating activities—continuing operations** | | **58.9** | **103.2** |
| Net cash from (used in) operating activities—discontinued operations | | — | (2.8) |
| ***Cash flows from investing activities*** | | | |
| Acquisitions of non-current assets | *9.3* | (32.8) | (28.0) |
| Acquisitions of customer relationship intangible assets | | (5.3) | (10.0) |
| Disposals of non-current assets | | 0.8 | 2.1 |
| Business acquisitions (net of cash acquired) | *5.1* | (163.4) | (67.1) |
| Disposals of business (net of cash transferred) | | — | 18.9 |
| Changes in customer financing transactions | | (0.6) | (0.1) |
| **Net cash used in investing activities—continuing operations** | | **(201.3)** | **(84.2)** |
| Net cash used in investing activities—discontinued operations | | — | (0.2) |
| ***Cash flows from financing activities*** | | | |
| Dividends paid to the owners of the parent company | | (65.4) | (40.0) |
| Dividends paid to non-controlling interests of consolidated subsidiaries | | (0.3) | (0.4) |
| Dividends received from associates | | — | — |
| Repayment of capital | | — | (4.5) |
| Interest paid | | (34.6) | (27.0) |
| Interest received | | 1.2 | 0.8 |
| Increase in borrowings | *12.1* | 263.2 | 82.3 |
| Repayment of borrowings | *12.1* | (7.1) | (8.5) |
| Change in other financial liabilities | | (7.8) | 1.9 |
| **Net cash from (used in) financing activities—continuing operations** | | **149.1** | **4.5** |
| Net cash used in financing activities—discontinued operations | | — | (0.1) |
| **Cash and cash equivalents at beginning of year** | *12.2* | **70.6** | **50.1** |
| Change in cash and cash equivalents—continuing operations | | 6.7 | 23.5 |
| Change in cash and cash equivalents—discontinued operations | | — | (2.8) |
| Impact of currency rate fluctuations | | — | 0.1 |
| **Cash and cash equivalents at end of year** | *12.2* | **77.4** | **70.6** |
| *Of which from discontinued operations* | | — | — |

(1) Figures have been restated in accordance with note 3.

## Notes to the consolidated financial statements

### 1 Preparation and approval of the consolidated financial statements

On 29 March 2019, the Chairman approved Parts Holding Europe SAS's consolidated financial statements for the year ended 31 December 2018.

### 2 Information relating to the reporting entity

Parts Holding Europe SAS is a simplified joint-stock company (*société par actions simplifiée*) domiciled in France and registered with the Créteil Trade and Companies Registry under number 488 077 165. It was incorporated on 18 January 2006 under the corporate name Parts Holdings (France) SAS and subsequently changed its corporate name to "Parts Holding Europe" on 5 November 2018. The address of its registered office is 22 Avenue Aristide Briand, 94110 Arcueil, France.

The Group is a leading aftermarket light vehicle spare parts distributor and truck spare parts distributor and repairer in Western Europe, mainly active in France, Benelux and Italy. The Group operates in the independent aftermarkets of the Western European light vehicle spare parts distribution "core" aftermarket and the truck spare parts distribution and repair "core" aftermarket in France.

The Parts Holding Europe has a share capital of €68.263.141 as of December 31st, 2018. As a result of the Group's acquisition on 8 December 2015, Parts Holding Europe and its subsidiaries (collectively, the "Group") are deemed subsidiaries of Dakar Acquisition SA, a Luxembourg-based limited liability company (*société anonyme*) whose registered office is located at 4, rue Lou Hemmer, L-1748 Luxembourg Findel (Luxembourg), registered with the Luxembourg Trade and Companies Registry under number B201035 as the sole shareholder of Parts Holding Europe. Dakar Acquisition SA is a subsidiary of Dakar Topco Sarl., a Luxembourg-based private limited company (*société a responsabilité limitée*) and is the ultimate parent company of the Group, who is in turn a subsidiary of Bain Capital.

### 3 Accounting policies and standards

The consolidated financial statements of Parts Holding Europe SAS and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB"), as adopted by the European Union as of 31 December 2018 and available on the following website: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_fr.htm

The consolidated financial statements have been prepared using the historical cost convention, except for certain categories of assets and liabilities as indicated, in accordance with IFRS principles.

The consolidated financial statements are presented in euros and all values are rounded to the nearest million unless otherwise stated.

The Group restated credit lines of Italian entities acquired in 2017 for €18,5 million previously classified in overdraft and now included in short term financial debt. Business acquisitions (net of cash acquired) in 2017 cash flow statement have also been restated for €18.5 million (decrease of the cash out). The notes related to the net debt presentation have also been adjusted (notes 12.1.5, 12.2, 12.3).

### 3.1 Standards and interpretations adopted by the IASB effective at 31 December 2018

The accounting principles applied are consistent with those used to prepare the annual consolidated financial statements for the year ended 31 December 2017, with the exception of the adoption of the following new standards and amendments:

| Standards | Effective date |
|---|---|
| IFRS 9—Financial instruments | 1 January 2018 |
| IFRS 15—Revenue from Contracts with Customers (see Note 4) | 1 January 2018 |

On 24 July 2014, the IASB published the full version of IFRS 9, marking the completion of its project to replace IAS 39 on financial instruments. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group will apply the new rules prospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparative information for 2017 will not be restated.

**3 Accounting policies and standards (Continued)**

A detailed analysis of the impairment model for financial assets, and particularly accounts and notes receivable, was carried out in 2018. The expected credit loss impairment model prescribed by IFRS 9 results in recognizing impairment losses against accounts and notes receivable not yet due. The impact of this is not considered material.

### 3.2 Standards and interpretations adopted by the IASB whose application is not mandatory at 31 December 2018

The Group has not elected to early adopt the following new and revised standards published by the IASB but whose application is not yet mandatory. Other standards that were newly issued but are not yet effective at 31 December 2018 are not expected to have a material impact on the Group's consolidated financial statements.

| Standards | Effective date |
|---|---|
| IFRS 16—Leases (Impact estimation on debt done in 2018) | 1 January 2019 |
| IFRIC23—Uncertainty over Income Tax Treatments (IAS12) | 1 January 2019 |
| Amendments IFRS 9—Implementation and disclosures under IFRS 9 | 1 January 2019 |

On 13 January 2016, the IASB published IFRS 16—Leases and the European Union adopted IFRS 16 on 9 November 2017. IFRS 16 will replace IAS 17 and the related IFRIC and SIC interpretations, and will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is eliminated. Under the new standard, the lessee recognizes an asset (the right to use the leased asset) and a financial liability to pay lease payments. The only exceptions are short-term and low-value leases. IFRS 16 is effective for financial years commencing on or after 1 January 2019 with early adoption permitted if IFRS 15 has also been applied.

The Group plans to adopt IFRS 16 as of January 1, 2019. Starting from this date, the standard provides a single lessee accounting model, requiring lessees to recognise on the assets side, a right of use and as a liability, the rental obligation (sum of future discounted payments). The right of use will be amortized over the term of the lease agreements. Leases related to the vehicle fleet and leases related to real estate assets (buildings, platforms) entered into by the Group fall within the scope of this standard.

At December 31, 2018, the Group mainly holds buildings, vehicles, IT and machinery equipments.

In 2018, the Group identified and analysed all contracts which fall under the IFRS16 scope and finalized the analysis of potential impacts. During this period, the Group set up a new tool to facilitate the registration of contracts related to IFRS 16 and to monitor the contracts evolution.

The expected impact on the Group's debt as at the date of transition is between € 170 million and € 180 million.

As of January 1, 2019, the Group will apply the simplified retrospective method of accounting for the cumulative effect of the initial application as an adjustment to

### 3.3 Significant judgements and estimates

The preparation of financial statements in compliance with IFRS requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Estimates are made based on a going concern assumption and on information available at the date of their preparation. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations about future events that may have a financial impact on the entity and are believed to be reasonable under the circumstances. When the Group makes estimates and assumptions concerning the future, the resulting accounting estimates will, by definition, seldom equal the related actual results.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

- Inventory impairment—Note 7.3

**3 Accounting policies and standards (Continued)**

- End-of-year supplier rebates—Note 7.6
- Employee costs and benefits—Note 8
- Impairment of non-financial assets—Note 9.1 and 9.2
- Deferred tax assets—Notes 13.2

**4 Restatements of previously reported financial statements—IFRS 9 application**

**4.1.1 Financial statements impacts**

IFRS 9 has been applied without restatement of comparative information. The reclassifications and the adjustment resulting from the new impairment rules are not taken into account in the balance sheet as of December 31, 2017 but are recognized in the opening balance sheet as at January 1, 2018.

The following tables show the adjustments recorded for each line item. Line items that were not affected by the changes were not included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below:

| | 31 December 2017 Original version | IFRS 9 impacts | 1 January 2018 Restated version |
|---|---|---|---|
| | | (in millions of euros) | |
| **Asset** | | | |
| Other non-current assets | 19.3 | (0.2) | 19.2 |
| Deferred taxes | 47.4 | 0.3 | 47.7 |
| **Total non-current assets** | **526.0** | **0.1** | **526.1** |
| Receivables | 220.4 | (1.0) | 219.4 |
| **Total current assets** | **611.5** | **(1.0)** | **610.5** |
| **Total asset** | **1 137.5** | **(0.9)** | **1 136.6** |
| **Liabilities** | | | |
| Net income attributable to the owners of the parent | 30.6 | (0.9) | 29.8 |
| **Shareholder's equity—Part Group** | **115.2** | **(0.9)** | **114.4** |
| **Total equity** | **114.9** | **(0.9)** | **114.0** |

**4.1.2 Impact of the standard application**

IFRS 9 supersedes the provisions of IAS 39 relating to the recognition, classification and measurement of financial assets and financial liabilities, the derecognition of financial instruments, the impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments as of January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. In accordance with the transitional provisions of IFRS 9, the comparative figures have not been restated.

According to the analysis, the only financial assets that are affected by the new pattern of credit losses expected under IFRS 9 are trade receivables and loan receivables. The Group does not hold any financial instruments impacted by the IFRS 9 classification standard. As a result, the Group had to revise its depreciation method in accordance with IFRS 9 for its trade receivables and loans. The impact of the change in the impairment method on the Group's retained earnings and shareholders' equity is presented below. Although cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was not significant.

**4 Restatements of previously reported financial statements—IFRS 9 application (Continued)**

The total impact on the group's retained earnings as at January 1, 2018 is as follows:

| | 2018 |
|---|---|
| | (in millions of euros) |
| **Non-distributed results closing balance at 31 December 2017—IAS 39** | **31.6** |
| (Increase) / decrease of the bad debt provision | (1.0) |
| (Increase) / decrease in provision for loans receivables | (0.2) |
| Increase / (decrease) of deferred taxes related to depreciation | 0.3 |
| **Non-distributed results opening balance at 1 January 2018—IFRS 9** | **30.7** |

The group applies the IFRS 9 simplified approach to the measurement of expected credit losses, which uses a provision for expected loss over the life of all receivables and loans.

Provisions for losses on trade receivables and loan receivables as at December 31, 2017 are reconciled with the opening loss provisions of January 1, 2018 as follows:

| | Trade receivables | Financial receivables |
|---|---|---|
| | (in millions of euros) | |
| **Loss provision closing balance at 31 December 201 7—IAS 39** | **14.2** | **0.1** |
| Amounts restated in reserves in relation to opening balance | 1.0 | 0.2 |
| **Loss provision opening balance at 1 January 2018—IAS 39** | **15.2** | **0.2** |

**5 Scope of consolidation**

*Consolidation*

The consolidated financial statements include the financial statements of Parts Holding Europe SAS and its controlled entities. Control is assessed as having (i) the power over the investee through voting rights or similar rights, (ii) exposure to variable returns from involvement with the investee, and (iii) the ability to use power over the investee to affect the amount of the investor's returns. Controlled entities are consolidated from the date the Group obtains control until such time the Group ceases to exercise control.

All intragroup balances and transactions as well as unrealized income, expenses, gains and losses that are included in the carrying amounts of the assets and which are generated by internal transactions are eliminated.

In the event of an acquisition of additional shares in an entity already controlled by the Group, the difference between the acquisition price of the shares and the additional interest acquired by the Group in consolidated equity is recorded in stockholders' equity. The value of the entity's identifiable assets and liabilities (including goodwill) for consolidation purposes remains unchanged.

Entities over which the Group has significant influence, but does not have control, are accounted for using the equity method. The investments in such entities are initially recognized at cost, including the goodwill of the acquisition, net of any accumulated impairment loss, and is subsequently adjusted for the Group's share of the profit or loss in the investee. In the event of an acquisition of additional shares in entities that were previously accounted for using the equity method that results in the Group obtaining control, the previously held equity interest is remeasured at fair value and the difference between the fair value and carrying value is recorded as a gain or loss in the income statement.

When the parent company loses control of a previously consolidated entity, assets and liabilities related to such entity is derecognized including any goodwill and a gain or loss associated with the loss of control of the former entity is recognized.

**5.1 Acquisitions and disposals**

Business combinations are recorded in accordance with IFRS 3, by applying the acquisition method. The acquired entity's identifiable assets, liabilities and contingent liabilities that meet IFRS accounting criteria are recorded at acquisition-date fair value, including any previously held interest but with the exception of non-current assets classified as held for sale, which are recorded at fair value less costs to sell, and other assets

**5 Scope of consolidation (Continued)**

and liabilities (IAS 19 and IAS 12) valued in accordance with the applicable standards. The costs directly attributable to the acquisition are recorded as expenses during the period in which they are incurred.

Goodwill represents any excess of the amount of consideration transferred and, where appropriate, non-controlling interests, over the net fair value of the acquired company's identifiable assets and liabilities. Refer to Note 9.1 for impairment of goodwill.

Adjustments to the value of assets and liabilities related to acquisitions recorded on a provisional basis are recorded as retrospective adjustments of goodwill if they occur within a maximum 12 months of the acquisition date. After the end of the allocation period, the effects are recorded directly in the income statement unless they correspond to corrections of errors.

IFRS 10 on Consolidated Financial Statements presents a single consolidation model and provides a definition of control that includes:

Power over the entity

Exposure, or right, to variable returns of the entity,

The ability to use its power to impact the amount of its returns

Basically a shareholder has control over the entity when it owns more than 50% of the voting rights. IFRS 10 states that an investor may control an entity with less than 50% of the voting rights and provides specific guidance for assessing control in such situations.

In accordance with IFRS 10, in the case where the shareholder has the practical capacity to exercise its substantive voting rights and in the case where such rights are exercisable; these rights must be taken into account when calculating the percentage of control.

**5.1.1 Acquisitions and disposals in 2018**

In accordance with the principles of IFRS 10 above, all acquisitions in 2018 have enabled Parts Holding Europe Group to take exclusive control of these acquired entities.

**5.1.1.1 VL acquisitions in France**

On 31 March 2018, the Group acquired 100% interests in **Société Française d'Industrie Automobile** ("SFIA") for a purchase price of €0.7 million, paid in cash. SFIA is a wholesale and retail light vehicle distributor in Epernay, in eastern France. The provisional goodwill resulting from the purchase price allocation is €0.6 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Light Vehicle CGU.

On 31 May 2018, the Group acquired 100% interests in **GPR Auto** for a purchase price of €0.4 million, paid in cash. GPR Auto is a wholesale and retail light vehicle distributor in Limoges, in southern France. The provisional goodwill resulting from the purchase price allocation is €0.3 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Light Vehicle CGU.

On 31 July 2018, the Group concluded the acquisition of 100% interests in **Vallespir Auto Diffusion S.a.r.l.**, a wholesale and retail vehicle spare parts distributor in Ceret, in southern France, for a purchase price of €2.3million, paid in cash. The provisional goodwill resulting from the purchase price allocation is €1.4 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Light Vehicle CGU.

On 1 October 2018, the Group concluded the acquisition of 100% interests in **Loire Pare Brise** for a purchase price of €2.4 million, paid in cash. Loire Pare Brise, located in Reze, in the west of France, is active in the sale, installation, replacement & repair of windscreen, auto accessories and auto glazing, directly and in leasing management, under the Mondial Pare Brise brand in accordance with a franchise agreement. The provisional goodwill resulting from the purchase price allocation is €1.2 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Light Vehicle CGU.

## 5 Scope of consolidation (Continued)

### 5.1.1.2 International VL acquisitions

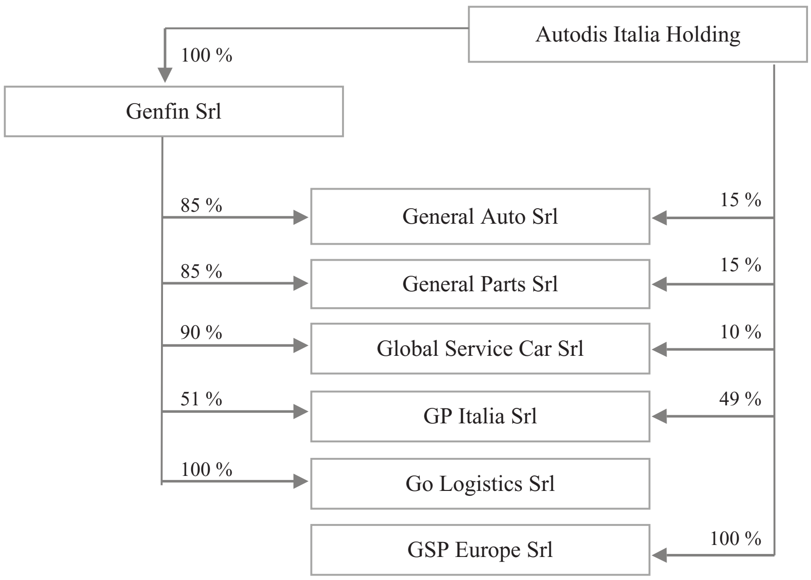
On 1 March 2018, OVAM, one of the consolidated Italian distributors, acquired additional interests in **Sarco** for €1.3 million, increasing its ownership in Sarco to 100% from 49%. As a result of this acquisition, Sarco, which was accounted for under the equity method, is now fully consolidated by the Group. No gain was recognized on the previously held interests, whose fair value was €1.3 million. The provisional goodwill from the purchase price allocation is €1.2 million, reflecting the further synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the LV International CGU.

On 31 May 2018, Ovam, also acquired 100% interests in **FGL Srl** for €3.0 million. FGL Srl is a distributor specialized in car body parts and lightning, located in Milan area. In 2017, the company realized revenue of around 5.0M€. The provisional goodwill resulting from the purchase price allocation is €1.5 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to LV International CGU.

On 31 May 2018, Autodis Italia Holding (a consolidated subsidiary of the Group in which the Group holds 55% interests) finalized the acquisition of 100% interests in **G-Group**, a leading automotive spare parts distributor in southern Italy, for a purchase price of €15.8 million. G-Group is a family business that was founded in Naples by the Carini family in 1948. In 2017, G-Group achieved revenue of approximately €55.0 million, 10% more compared to 2016. As part of the acquisition, the Carini family acquired a minority interest in Autodis Italia Holding SrL, representing a continued partnership with the local entrepreneur.

Following the acquisitions of OVAM, Topcar and Ricauto in 2017 and Sarco and FGL in 2018, this acquisition allows Autodis Italia to establish itself in Central and Southern Italy. This acquisition also enables Autodis Italia to strengthen its number two position in the Italian market, with cumulative annualized sales of approximately €190 million. The purchase price was € 15.8 million and transaction costs related to the transaction were € 0.5 million.

The post-acquisition organizational structure is presented below:



**5 Scope of consolidation (Continued)**

The identifiable assets acquired, liabilities assumed and contingent liabilities measured at fair value at acquisition date are as follows (in M€):

| | |
|---|---|
| **Purchase price** | **15.8** |
| Customer relationships intangible assets | 10.5 |
| Deferred taxes on customer relationships | (2.9) |
| Intangible assets | 0.4 |
| Tangible assets | 1.2 |
| Other non-current assets | 0.1 |
| Deferred taxes | 0.6 |
| Inventories | 10.8 |
| Trade receivables | 25.8 |
| Cash and cash equivalents | 8.0 |
| Other current assets | 3.2 |
| Trade payables | (16.8) |
| Debts and overdrafts | (33.2) |
| Provision for risks and charges | (0.5) |
| Pension provision | (0.9) |
| Other current liabilities | (2.3) |
| **Net assets acquired at fair value** | **4.2** |
| **Goodwill** | **11.6** |

The provisional goodwill resulting from the purchase price allocation is €11.6 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the LV International CGU (see note 9.1).

An intangible asset in the amount of €10.5 million was recognized in the opening balance sheet to reflect the acquisition of Italian customer relationships. The fair value was valued using the multi-period excess earnings method based on the five-year business plan provided by G Group and the following assumptions:

| | Attrition rate | Discount rate | Fair value | Amortization period |
|---|---|---|---|---|
| Spare parts distributor | 15% | 11% | 10.5M€ | 9 years |

If the acquisition took place on January 1, 2018, the turnover and the net result for the year ended December 31, 2018 considering 12 months of exercise would be as follows:

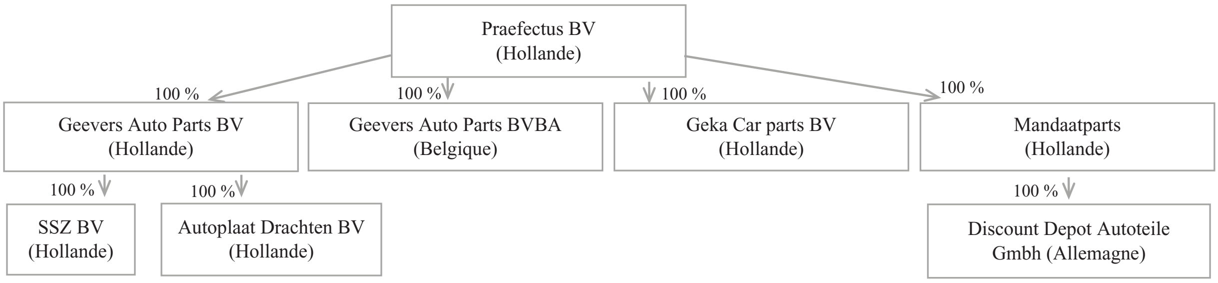
| (in M€) | Pre-acquisition | Post-acquisition | Pro forma FY 2018 |
|---|---|---|---|
| **Turnover** | **25.1** | **36.4** | **61.5** |
| **Net income** | **1.4** | **1.8** | **3.2** |

On 31 May 2018, the Group acquired 100% interests in **Geevers Auto Parts B.V.,** the leading independent retailer of multi-brand car body parts in the Benelux countries, for a purchase price of €50.2 million, paid in cash.

Based in the Netherlands since 1967, Geevers Auto Parts B.V. is the leading independent retailer of car body parts in the accident and repair markets in Holland, Belgium and Luxembourg. Geevers, with 200 employees, achieved a turnover of approximately €64.0 million and a growth of more than 10% per year. On the full year 2018 the turnover amounts to 72.0M€. Transaction costs in relation to the acquisition amounts to €0.4 million.

**5 Scope of consolidation (Continued)**

The post-acquisition organizational structure is presented below:




The identifiable assets acquired, liabilities assumed and contingent liabilities measured at fair value at acquisition date are as follows (in M€):

| | |
|---|---|
| **Purchase price** | **50.2** |
| Customer relationships intangible assets | 20.8 |
| Deferred taxes on customer relationships | (5.2) |
| Tangible assets | 2.4 |
| Inventories | 5.0 |
| Trade receivables | 12.3 |
| Cash and cash equivalents | 0.4 |
| Other current assets | 1.7 |
| Trade payables | (13.0) |
| Debts and overdrafts | (4.3) |
| Other current liabilities | (2.8) |
| **Net assets acquired at fair value** | **17.3** |
| **Goodwill** | **32.9** |

The provisional goodwill resulting from the purchase price allocation is €32.9 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the LV International CGU (see note 9.1).

An intangible asset in the amount of €20.8 million was recognized in the opening balance sheet to reflect the acquisition of the customer relationships. The fair value was valued using the multi-period excess earnings method based on the five-year business plan provided by Geevers and the following assumptions:

| | Attrition rate | Discount rate | Fair value | Amortization period |
|---|---|---|---|---|
| Ar body parts workshop | Growth from 5% to 15% in 5 years | 13% | 20.8M€ | 9 years |

If the acquisition took place on January 1, 2018, the turnover and the net result for the year ended December 31, 2018 considering 12 months of exercise would be as follows:

| (in M€) | Pre-acquisition | Post-acquisition | Pro forma FY 2018 |
|---|---|---|---|
| **Turnover** | **31.4** | **40.9** | **72.3** |
| **Net income** | **(1.2)** | **0.2** | **(1.0)** |

On 31 October 2018, the Group acquired 100% interests in **Verviers Freins** for a purchase price of €13.8 million, paid in cash. Two earn out are included in the acquisition agreement and added in the minority put calculation for € 1 million.

Verviers Freins, based in Belgium, is a mechanical and body parts distributor through 8 sales points. The company also manages repair and painting workshops. An intangible asset in the amount of €2.1 million was recognized in the opening balance sheet to reflect the acquisition of the customer relationships. The provisional

**5 Scope of consolidation (Continued)**

goodwill resulting from the purchase price allocation is €4.3 million, reflecting the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the LV International CGU.

The identifiable assets acquired, liabilities assumed and contingent liabilities measured at fair value at acquisition date are as follows (in M€):

| | |
|---|---|
| **Purchase price** | **13.8** |
| Customer relationships intangible assets | 2.1 |
| Deferred taxes on customer relationships | (0.7) |
| Tangible assets | 0.3 |
| Inventories | 2.8 |
| Trade receivables | 3.1 |
| Cash and cash equivalents | 5.9 |
| Trade payables | (1.6) |
| Debts and overdrafts | (1.0) |
| Provision for risks and charges | (0.4) |
| Other current liabilities | (1.0) |
| **Net assets acquired at fair value** | **9.5** |
| **Goodwill** | **4.3** |

**5.1.1.3 Oscaro acquisitions**

On 13 November 2018, the Group acquired 82.5% of **Groupe OSCARO**, French leader in the LV spare parts online sale, for €91.1 million(1), paid drawing the RFC credit line for an amount of €90.0 million. The OSCARO Group is the French leader in online sales of automotive spare parts. It currently has more than 8 million customers and a turnover that has increased tenfold in ten years, reaching €320 million in 2017. Its alliance with the Group will enable to create a European omni-channel leader together, across all professional and non-professional customer segments and in a complementary and durable way. Following the process, Pierre-Noël LUIGGI, founder of the OSCARO Group, will retain a share of up to 17.5% through his company Indenoï and will sit on the Oscaro board. Transaction costs in relation to the acquisition amounts to €1.1 million.

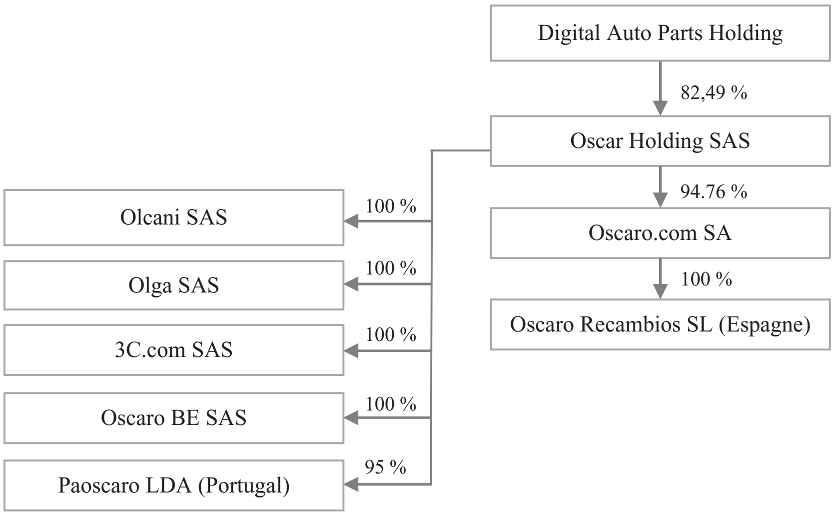
(1) The Oscaro Groups' securities value of € 91.1 million breaks down as follows:

| Event | Date | Value in M€ | Holding% |
|---|---|---|---|
| Acquisition | July 2018 | 10.0 | 4.95% |
| Share value impairment* | | -4.6 | |
| Capital increase | November 2018 | 55.0 | 51.70% |
| Acquisition | | 30.6 | 25.84% |
| | **November 13, 2018** | **91.1** | **82.49%** |

* Reflecting the Oscaro group acquisition done by steps. As a result, the non-controlling acquisition in July was derecognized at fair value on November 13, 2018.

## 5 Scope of consolidation (Continued)

The post-acquisition organizational structure is presented below:




Oscaro Inc. (US), held at 90% by Oscar Holding SAS is not included in the consolidation scope as its activity has not judged significant and it's currently being sold.

The identifiable assets acquired, liabilities assumed and contingent liabilities measured at fair value at acquisition date are as follows (in M€):

| | |
|---|---|
| **Purchase price** | **91.1** |
| Intangible assets | 6.6 |
| Tangible assets | 6.4 |
| Other non-current assets | 8.2 |
| Deferred taxes | 0.3 |
| Inventories | 7.2 |
| Trade receivables | (12.2) |
| Cash and cash equivalents[(1)] | 59.4 |
| Other current assets | 2.9 |
| Trade payables | (76.9) |
| Debts and overdrafts | (2.1) |
| Provision for risks and charges | (3.4) |
| Pension provision | (0.9) |
| Non-current financial debts | (30.9) |
| Other non-current and current liabilities | (13.6) |
| **Net assets acquired at fair value** | (49.0) |
| **Goodwill** | **140.1** |

(1) of which €55.0 million of capital increase injected by Digital Parts Holding to be used to pay the trade payables by the acquired group.

The determination of goodwill remains provisional. In particular:

- Trademark fair value is currently being assessed by independent experts;
- Deferred taxes must be specifically reviewed for the activation of tax loss carryforwards.

**5 Scope of consolidation (Continued)**

If the acquisition took place on January 1, 2018, the turnover and the net result for the year ended December 31, 2018 considering 12 months of exercise would be as follows:

| (in M€) | Pre-acquisition | Post-acquisition | Pro forma FY 2018 |
|---|---|---|---|
| **Turnover** | **252.1** | **26.0** | **278.1** |
| **Net income** | **(45.1)** | **(6.4)** | **(51.5)** |

**5.1.2 Acquisitions and disposals in 2017**

**5.1.2.1 Acquisition of Mondial Pare-Brise**

On 22 March 2017, the Group acquired 100% interests in Mondial Pare-Brise for a purchase price of €35.8 million, paid in cash. Mondial Pare-Brise is one of the top three windscreen repair and replacement specialists in France, along with Carglass and France Pare-Brise. Mondial Pare-Brise has 290 repair centers across France, of which 70 are directly owned and its key business drivers are the main insurance companies. This acquisition brings purchasing and logistics synergies with the windscreen business developed over the last two years by the Group's Cora business. Via the shared networks, it will also allow the Group to offer insurance and car hire companies a comprehensive range of services and a network covering the entire country. From the date of acquisition to end of 2017, Mondial Pare-Brise contributed revenue of €21.9 million and net income of €1.8 million. Over the full year 2017, Mondial Pare-Brise recorded revenue of €28.2 million and net income of €2.2 million. Acquisition cost of the transaction was €0.5 million.

The identifiable assets acquired, liabilities assumed and contingent liabilities measured at fair value at acquisition date are as follows (in millions of euros):

| | |
|---|---|
| **Purchase price** | **35.8** |
| Mondial Pare-Brise brand intangible asset | 13.8 |
| Customer relationships intangible assets | 9.8 |
| Deferred taxes on intangible assets | (6.1) |
| Property, plant and equipment | 1.3 |
| Other non-current assets | 0.4 |
| Inventories | 0.6 |
| Trade receivables | 0.2 |
| Cash and cash equivalents | 2.7 |
| Other assets | 0.8 |
| Trade payables | (2.8) |
| Other liabilities | (3.8) |
| **Net assets acquired at fair value** | **16.9** |
| **Goodwill** | **18.9** |

The provisional goodwill of €18.9 million reflects the synergies expected to be derived from the acquisition in terms of trading and cost savings, increase in market share and growth potential. The entire goodwill was allocated to the Light Vehicle CGU (see Note 9.1).

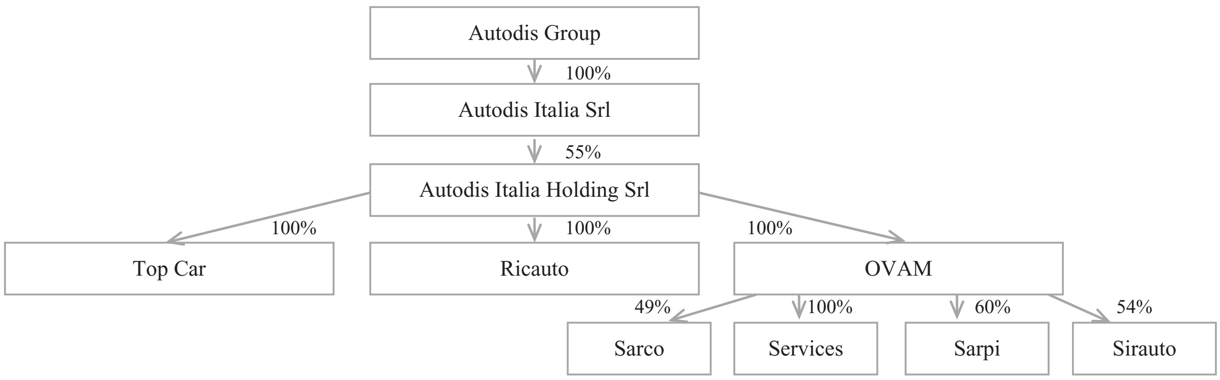
**5 Scope of consolidation (Continued)**

Fair value of Mondial Pare-Brise brand and customer relationships intangible assets were recognized for the amount of €13.8 million and €9.8 million, respectively, on the opening balance sheet. The brand asset was valued using the royalty method with a 2% rate based on the revenue of Mondial Pare-Brise franchise's five-year business plan and a long term growth rate of 0.5% to reflect the sector's expected outlook. The customer relationship was valued based on the following assumptions, as applied to revenue and EBITDA of Mondial Pare-Brise network's business plan starting year 2022 in line with the management's expectation:

| | Attrition rate | Discount rate | Value (in millions of euros) |
|---|---|---|---|
| Franchisees | 5% | 10.5% | **3.6** |
| Insurance providers | 5% | 10.5% | **4.0** |
| Vehicle fleet customers | 10% | 10.5% | **2.2** |
| **Total** | | | **9.8** |

**5.1.2.2 Acquisition of a group of distributors in Italy**

On 10 May 2017, Autodis Italia Holding Srl ("Autodis Italia"), a consolidated subsidiary of the Group in which the Group holds 55% interests, acquired 100% interests in three leading Italian distributors, OVAM, Top Car and Ricauto for a purchase price of €29.2 million, paid in cash. The organizational structure post-acquisition is illustrated as follows:




The 45% non-controlling interests in Autodis Italia are held by the former shareholders of OVAM, Top Car and Ricauto. Autodis Italia holds call options to purchase the remaining 45% non-controlling interests exercisable from the date of approval of 2019 annual accounts. Autodis Italia also has the option to purchase, in part, the shares owned by the CEOs of the three entities, contingently exercisable upon certain conditions and before the date of approval of 2019 annual accounts. The non-controlling interest holders also have put options to sell their interests to the Group, which is classified as a liability.

Founded in 1963, OVAM is one of the leading Italian stockist-distributors operating in the north and center of the country. It operates via three platforms located in Pero (Milan), Brescia and Turin.

Founded in 1973 and 1989 respectively, Ricauto and Top Car are two leading Italian stockist-distributors operating in Padua, in the north-eastern region of Italy. Due to their long-standing association, together they play a major role within GIADI, Autodistribution's purchasing group partner in Italy.

The newly formed Autodis Italia immediately became a member of the AD Italy network, and from the date of acquisition to end of 2017, contributed €71.4 million to the Group's revenue and €0.4 million to the Group's net loss, and revenue of €103.1 million and net income of €1.0 million over the full year 2017. Leveraging the financial support of the Group and the operational know-how of its shareholders, the new entity aims to become one of the national leaders in Italy and to attract new independent distributors. Acquisition cost of the transaction was €3.0 million.

**5 Scope of consolidation (Continued)**

The identifiable assets acquired, liabilities assumed and contingent liabilities measured at fair value at 10 May 2017 are as follows (in millions of euros):

| | |
|---|---|
| **Purchase price** | **29.2** |
| Customer relationship Intangible assets | 18.2 |
| Other intangible assets | 0.5 |
| Tangible assets | 1.5 |
| Financial assets | 2.6 |
| Other non-current assets | 1.5 |
| Inventory | 22.0 |
| Receivables | 43.8 |
| Cash & cash equivalents | 4.0 |
| Other assets | 5.6 |
| Suppliers debts | (27.1) |
| Liabilities relating to employee benefits | (2.3) |
| Deferred taxes | (3.7) |
| Debts and bank overdrafts | (52.1) |
| Other liabilities | (5.2) |
| Derivative financial instrument | (1.3) |
| **Net assets acquired at fair value** | **7.8** |
| **Goodwill** | **22.4** |

The provisional goodwill resulting from the purchase price allocation is €22.4 million, reflecting the synergies expected to derive from the acquisition in terms of trading and cost savings, market share and growth potential, and was allocated to the new Italian CGU (see Note 9.1).

An intangible asset in the amount of €18.2 million was recognized in the opening balance sheet to reflect the acquisition of Italian customer relationships. The fair value was valued using the multi-period excess earnings method based on the five-year business plan and the following assumptions:

| | **Attrition rate** | **Discount rate** | **Value (in millions of euros)** |
|---|---|---|---|
| Retailers | 15.0% | 11.5% | **18.2** |

**5.1.2.3 Other acquisitions**

In February 2017, ACR Group, a wholly owned subsidiary of the Group, increased its interest in Automax by acquiring the 30% non-controlling interest for €0.7 million. ACR Group now owns the entire share capital of Automax.

On 31 March 2017, the Group also acquired additional interests in SLPA (*Société Lyonnaise de Pneumatiques et Accessoires*) for €0.6 million, increasing its ownership in SLPA to 49%. There were no changes to the planned partnership agreement. SLPA continues to be accounted for under the equity method in the consolidated financial statements.

On 31 March 2017, Autodistribution Poids Lourds, a wholly owned subsidiary of the Group, acquired 100% of four truck distributor companies for an aggregate purchase price of €1.3 million, which are:

- Frein service Lyonnais
- Freinage du Sud Ouest
- Importation distribution composants freinage, and
- Centre technique 47 (collectively, "Bisensang Group")

Bisensang Group specializes in industrial vehicle spare parts and multi-brand repair.

**5 Scope of consolidation (Continued)**

On 31 May 2017, Doyen Group also acquired two auto parts international networks ("APIs") for a purchase price of €4.6 million. They are located in Eastern France. From the date of acquisition to end of 2017, the two APIs contributed €3.2 million to the Group's revenue and €0.01 million to the Group's net income, and revenue of €5.7 million and net income of €0.3 million over the full year 2017.

On 11 October 2017, Autodistribution acquired 37.5% of Grup Eina for a purchase price of €2.5 million. Located in Spain, Grup Eina designs and develops software and learning resources for the automotive industry, professional training for all types of automotive systems and management programs, call centre consulting services, website maintenance, scheduling and other services (mainly for professional repairers and garages), the sale and repair of electronic control units, other electronic equipment and on-board systems.

The business acquisitions of Mondial Pare-Brise, Autodis Italia and the two APIs resulted in the following pro forma revenue, EBITDA and net income for the year ended 31 December 2017 assuming they occurred on 1 January 2017:

| | Revenue | | |
|---|---|---|---|
| | Pre-acquisition | Post-acquisition | Pro forma full year 2017 |
| | (in millions of euros) | | |
| Mondial Pare-Brise | 6.2 | 21.9 | 28.2 |
| Autodis Italia | 31.7 | 71.4 | 103.1 |
| Two APIs | 2.5 | 3.2 | 5.7 |
| **Total** | **40.4** | **96.5** | **136.0** |

| | EBITDA | | |
|---|---|---|---|
| | Pre-acquisition | Post-acquisition | Pro forma full year 2017 |
| | (in millions of euros) | | |
| Mondial Pare-Brise | 0.8 | 3.6 | 4.4 |
| Autodis Italia | 2.1 | 4.1 | 6.2 |
| Two APIs | 0.3 | — | 0.3 |
| **Total** | **3.2** | **7.7** | **10.9** |

| | Net income | | |
|---|---|---|---|
| | Pre-acquisition | Post-acquisition | Pro forma full year 2017 |
| | (in millions of euros) | | |
| Mondial Pare-Brise | 0.4 | 1.8 | 2.2 |
| Autodis Italia | 1.5 | (0.4) | 1.0 |
| Two APIs | 0.3 | — | 0.3 |
| **Total** | **2.2** | **1.4** | **3.6** |

**5.1.2.4 Sale of Poland**

In 2007, the Group's previous shareholder introduced the Group into the Polish market by purchasing three local distributors that operated as the key distributors for the Group's Polish subsidiary, AD Polska. On 4 August 2017, the Group's current management made a strategic exit from the Polish market as part of its network rationalization strategy, divesting AD Polska to Rhiag Group for €13.3 million. This divestiture is part of the Group's growth strategy, which is to create a powerful and coherent footprint in Western Europe by maximizing logistical and purchase synergies.

**5 Scope of consolidation (Continued)**

Since March 2017, AD Polska operations are classified as discontinued operations. Refer to Note 4 for further details. Gain on AD Polska disposal is as follows (in millions of euros):

| | |
|---|---|
| AD Polska sale price | 13.3 |
| Interco loan repayment | 3.5 |
| **Total Group cash received** | **16.8** |
| AD Polska net value | (11.9) |
| Translation adjustment recycled | (1.5) |
| **AD Polska gain on disposal** | **3.4** |

**6 Segment information**

The reportable segments reflect the segmentation used for internal reporting purposes, which is presented to the Chief Operating Decision Maker and used for monitoring the operations and the performance of the Group. Each reportable segment is an operating segment identified in accordance with paragraphs 5-10 of IFRS 8 “Operating Segments”. The chief operating decision maker is responsible for managing resources and assessing the profitability of each operating segment. The chief operating decision maker of the Group was identified as the Chairman of the Group in charge of strategic decisions. The chief operating decision maker does not review information regarding the Group’s assets and liabilities.

Since the beginning of 2017, the Group’s management has further aligned its internal reporting structure to its strategic allowing improved monitoring of the Group’s two operating units in France (Light Vehicles and Trucks) and its international operations in the rest of Western Europe. At the end of 2018, after the acquisition of Oscaro, the Group added specific monitoring of its digital BtoC activities.

The chief operating decision maker of the Group monitors profitability by revenue and adjusted EBITDA, a non-GAAP measure which is further defined in the section “Use of adjusted EBITDA” of this note, and by the following operating segments:

- The **Light Vehicles (“LV”) France** reportable segment, including headquarter costs attributable to the LV France segment.
- The **Trucks** reportable segment, including headquarters costs attributable to the Trucks segment.
- The **LV International** reportable segment, which includes the following entities:
  - (i) Belgian Doyen Group
  - (ii) Autodis Italia, which owns several acquired Italian companies since May 2017 and those acquired in 2018
  - (iii) Geevers group since its acquisition in 2018.
- The **Digital BtoC** reportable segment created in 2018 includes Oscaro acquired in the current year.

The central purchasing unit (“CPU”) negotiates purchasing conditions for LV France, Trucks and LV International, which are then sold to wholly owned distributors and to affiliated independent distributors. As part of the new segmentation, the CPU’s income statement is now broken down between the four segments. This breakdown is primarily based on the detailed supplier analysis. The CPU’s revenue and margin are tracked at the supplier level and each supplier was identified as either those providing LV France parts only, those providing truck parts only, providing LV International parts only, or providing all of the segments. For those providing LV France, Truck and LV International parts, revenue and Adjusted EBITDA were further split based on the pro-rata value of the mix of products purchased.

In addition to the four segments identified above, the Group also has the headquarter function, whose activities and the support functions are partially allocated to the LV France and Trucks segments when costs are directly attributable to one of these segments. Costs that cannot be attributed to one of the segments are presented in the “Headquarters” column.

The recoverable amount of goodwill is monitored at the level of each segment (see Note 9.1).

## 6 Segment information (Continued)

### 6.1 Key indicators by segment

| 2018 | LV France | Trucks | LV International | Digital BtoC | Subtotal | Headquarters | Total |
|---|---|---|---|---|---|---|---|
| | | | | (in millions of euros) | | | |
| **Revenue** | 902.7 | 168.2 | 368.9 | 26.0 | **1,465.8** | — | **1,465.8** |
| **Adjusted EBITDA** | 112.6 | 4.2 | 29.8 | (6.1) | **140.5** | (12.4) | **128.1** |

| 2017 | LV France | Trucks | LV International | Digital BtoC | Subtotal | Headquarters | Total |
|---|---|---|---|---|---|---|---|
| | | | | (in millions of euros) | | | |
| **Revenue** | 855.1 | 157.6 | 242.1 | | **1,254.8** | — | **1,254.8** |
| **Adjusted EBITDA** | 110.6 | 1.6 | 17.7 | | **129.9** | (11.9) | **118.0** |

### 6.2 Key indicators by geographical region

| 2018 | France | Other countries | Group total |
|---|---|---|---|
| | | (in millions of euros) | |
| Revenue | 1,154.8 | 311.0 | **1465.8** |
| Intangible assets | 209.1 | 61.4 | **270.5** |
| Property, plant and equipment | 85.2 | 18.4 | **103.6** |

| 2017 | France | Other countries | Group total |
|---|---|---|---|
| | | (in millions of euros) | |
| Revenue | 1,113.3 | 141.4 | **1,254.8** |
| Intangible assets | 198.1 | 36.9 | **235.0** |
| Property, plant and equipment | 77.1 | 13.3 | **90.4** |

### 6.3 Use of adjusted EBITDA

In assessing the performance of the Group's business, the Group considers a variety of performance and financial measures. The key measure used for determining how the Group's business is performing is Adjusted EBITDA. Management internally assesses the performance and cash flows on a consolidated basis of each operating segment on the basis of Adjusted EBITDA.

Adjusted EBITDA represents operating income from ordinary activities before depreciation and amortization expenses and adjusted for certain items that the Group believes are non-related to ordinary activities or otherwise not reflective of the ongoing performance of the business, namely start-up costs related to new businesses, income and expenses attributable to the implementation of the group transformation plan and the sponsor fees paid to the shareholders and exceptional one-off expense related to professional conferences.

A reconciliation between Operating income from ordinary activities and Adjusted EBITDA and a description of the nature of the adjustments are provided below:

| | 2018 12 months | 2017 12 months |
|---|---|---|
| | (in millions of euros) | |
| **Operating income from ordinary activities** | **73.5** | **77.8** |
| Depreciation and amortization expenses | 39.4 | 29.8 |
| Start-up costs(1) | 2.3 | 1.8 |
| Non-recurring income and expenses attributable to implementation of the group transformation plan(2) | 8.5 | 6.7 |
| Purchasing power exceptional bonus | 1.2 | — |
| Sponsor fees paid to shareholders(3) | 1.7 | 1.7 |
| Exceptional one-off expenses related to professional conferences(4) | 1.4 | 0.3 |
| **Adjusted EBITDA** | **128.1** | **118.0** |

## 6 Segment information (Continued)

1) Start-up costs related to the customer website include costs associated with launching of the *IDGARAGES.com* website, which is still in its exploratory phase and generates only marginal revenue;
2) Non-recurring costs related to the implementation of the group transformation plan include legal fees, restructuring costs, or advisory costs related to the financial and capital transformation of the Group;
3) The sponsor fees paid to shareholders, including management long term incentives, if applicable, but excluding social charges;
4) Exceptional expenses related to professional conferences: expenses which occur every 2 and 4 years will be spread.

## 7 Operating performance

Recurring operating income comprises of revenue, cost of goods sold, personnel costs, external expenses, taxes other than on income, other operating income and expenses, and depreciation and amortization expenses. It also includes, in particular, the share of expenses for pension obligations relating to the cost of services rendered during the period, the cost of employee profit-sharing plans, foreign exchange gains and losses relating to recurring operating activities, as well as gains and losses on the disposal of property, plant and equipment and intangible assets in connection with the Group's ordinary activities.

Cost of goods for sale includes purchases of goods, supplier rebates, change in inventories and net additions to inventories depreciation.

Other income and expenses from operations relate to unusual and material events. Other income from operations can include gains on the disposal of operations and on the disposal of property, plant and equipment and intangible assets. Other expenses from operations can include losses on the disposal of operations and on the disposal of property, plant and equipment and intangible assets, as well as any cost relating to past disposals, the costs of restructuring or closing sites and impairment losses on assets.

### 7.1 Revenue

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that asset.

Sales revenue

The Group operates a distribution of spare parts for light vehicles and trucks. Revenue is recognized when control of the products has transferred. Revenue from sales is recognized based on the price specified in the contract, including variable considerations if any.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Direct flow sales commission

The Group also operates sales of spare parts, equipment and tools delivered directly by suppliers to independent distributors that do not pass through the Group's logistics platforms. When such third-party suppliers other than the Group are involved in providing goods to a customer, the Group assesses whether the nature of its promise to the customer is a performance obligation to provide the specified goods itself or to arrange for the suppliers to provide those goods or services. The Group is considered an agent if its performance obligation is to arrange for the provision of goods by the suppliers and revenue is recognized for the amount of any commission to which the Group expects to be entitled in exchange for arranging for the suppliers to provide their goods. The commission earned is net of consideration that the Group retains after paying the suppliers the consideration received in exchange for the goods to be provided by that supplier.

The Group has recognized the following amounts relating to revenue in the consolidated income statement

| | 2018 | 2017 |
|---|---|---|
| Revenue from contracts with customers | 1,465.8 | 1,254.8 |
| **Total revenue** | **1,465.8** | **1,254.8** |

**7 Operating performance (Continued)**

The Group derives revenue from the transfer of goods either as a principal (non-direct flow sales) or as an agent (direct sales transactions) in the following major product lines:

| | 2018 | | | | |
|---|---|---|---|---|---|
| | LV France | Trucks | LV International | Digital BtoC | Total |
| | | | (in millions of euros) | | |
| Sales revenue | 887.6 | 168.1 | 366.8 | 26.0 | 1,448.5 |
| Direct flow sales commission | 15.1 | 0.1 | 2.1 | — | 17.3 |
| **Revenue from contract with customers** | **902.7** | **168.2** | **368.9** | **26.0** | **1 465,8** |

| | 2017 | | | | |
|---|---|---|---|---|---|
| | LV France | Trucks | LV International | Digital BtoC | Total |
| | | | (in millions of euros) | | |
| Sales revenue | 841.5 | 156.0 | 240.6 | — | 1,238.0 |
| Direct flow sales commission | 13.6 | 1.6 | 1.5 | — | 16.7 |
| **Revenue from contract with customers** | **855.1** | **157.6** | **242.1** | **—** | **1,254.8** |

The Group does not have any material contract assets or liabilities other than receivables from contracts with customers since all its performance obligations are satisfied at a point in time and there is no significant financing or special payment terms offered to its customers. Refer to Note 7.4 for changes in receivables during the years presented.

**7.2 Cost of goods sold**

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Purchase of goods | (881.4) | (709.0) |
| Change in inventories | 35.2 | 8.6 |
| Inventories depreciation | 1.9 | 0.9 |
| **Total cost of goods sold** | **(844.2)** | **(699.5)** |

**7.3 Inventories**

Inventories consist primarily of goods purchased from the third-party suppliers and are typically not further modified or transformed by the Group. Inventories are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price at the reporting date, less estimated costs to sell taking into account technical or commercial obsolescence and the risks related to slow-moving items.

Cost is calculated using the last supplier price applicable at 31 December of the reporting period. The cost of inventories also takes into account the impact of discounts and allowances, discounts granted by suppliers, as well as the transportation cost of purchases. Given the fast inventory turnover rate, this method of inventory costing is deemed to be a good approximation of first-in, first-out valuation methodology.

Significant judgements and estimates

Inventory impairment is calculated by applying an impairment rate for each category of unsold products based on the depletion of items and their last date of sale.

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Gross value | 354.1 | 286.4 |
| Impairment | (23.0) | (22.6) |
| **Net value** | **331.0** | **263.8** |

## 7 Operating performance (Continued)

### 7.4 Trade receivables

An impairment loss is recorded for trade receivables when there is an objective indication (such as a probability that the debtor will default or is in serious financial difficulties) that the Group will not be able to recover the amount due under the contractual terms of the invoice. The carrying amount of the trade receivable is reduced using an allowance account. The impaired outstanding amounts are written off when they are deemed non-recoverable.

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Trade receivables | 317.0 | 270.8 |
| Discounts, rebates and refunds | (70.6) | (36.2) |
| Impairment | (22.9) | (14.2) |
| **Net value** | **223.5** | **220.4** |

The Group has multiple factoring arrangements with financial institutions.

The Group has entered into a factoring agreement with CGA for customer receivables held by ACR. As of 31 December 2018 and 2017, the Group had sold receivables amounting to €17.8 million and €18.0 million, respectively.

Doyen group entered into factoring agreements with KBC, Caisse d'Epargne and BNP to factor receivables for the amount of €10.9 million and €21.2 million as of 31 December 2018 and 2017, respectively.

Under all these factoring arrangements, the Group retains late payment and credit risk and therefore, the Group continues to recognize the transferred receivables in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing and is not offset against the receivables, in accordance with IAS 39. As of 31 December 2018, the Group had a total available credit line of €47.5 million under these arrangements, of which €15.3 million was drawn down.

In 2017, the Group entered into a new factoring agreement with Factofrance and transferred its receivable for the amount of €83.8 million as of 31 December 2018 and for €60.1 million as of 31 December 2017. The full amount of transferred receivables has been derecognized as the Group does no longer retain the risks and rewards concurrent to the ownership of these receivables.

At 31 December 2018, the analysis of trade receivables past due but not impaired was as follows:

| | | | Trade receivables past due | | | | |
|---|---|---|---|---|---|---|---|
| | Total | Not yet due | Less than 30 days | Between 30 and 60 days | Between 60 and 90 days | Between 90 and 120 days | More than 120 days |
| | | | | (in millions of euros) | | | |
| **Trade receivables** | 317.0 | 250.4 | 26.6 | 9.6 | 6.0 | 4.8 | 19.6 |
| Discounts, rebates and refunds | (70.6) | | | | | | |
| Impairment | (22.9) | | | | | | |
| **Total** | **223.5** | | | | | | |

At 31 December 2017, the analysis of trade receivables past due but not impaired was as follows:

| | | | Trade receivables past due | | | | |
|---|---|---|---|---|---|---|---|
| | Total | Not yet due | Less than 30 days | Between 30 and 60 days | Between 60 and 90 days | Between 90 and 120 days | More than 120 days |
| | | | | (in millions of euros) | | | |
| **Trade receivables** | 270.8 | 224.7 | 23.8 | 11.6 | 3.9 | 1.8 | 5.0 |
| Discounts, rebates and refunds | (36.2) | | | | | | |
| Impairment | (14.2) | | | | | | |
| **Total** | **220.4** | | | | | | |

## 7 Operating performance (Continued)

In years 2018 and 2017, impairment relates primarily to trade receivables past due. Changes in impairment of trade receivables are broken down as follows:

| | 2018 | 2017 |
|---|---|---|
| **Balance at 1 January** | **14.2** | **13.0** |
| Additions | 4.1 | 2.2 |
| Reversal | (5.4) | (2.1) |
| Changes in scope of consolidation | 8.8 | 1.1 |
| Reclassifications | 1.2 | (0.1) |
| **Balance at 31 December** | **22.9** | **14.2** |

### 7.5 Other current assets

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Prepaid expenses | 13.4 | 10.6 |
| Other receivables | 22.0 | 15.8 |
| Accrued income | 0.2 | 0.1 |
| CICE tax credit receivables (see Note 16.2) | 27.9 | 27.1 |
| Other | (0.9) | (0.3) |
| **Total** | **62.6** | **53.1** |

### 7.6 Other current liabilities

Significant judgements and estimates

Trade payables are presented net of end-of-year supplier rebates, which are estimated based on the volumes purchased and the terms of each supplier contract. The amount of rebates claimable in the subsequent year may differ from the provisions initially recognized.

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| **Trade payables** | **244.8** | **195.3** |
| **Other current liabilities:** | | |
| Tax and social security liabilities, personnel | 65.7 | 60.9 |
| Employee profit-sharing (current) | 3.8 | 3.3 |
| Other payables | 20.1 | 7.5 |
| Prepaid income | 3.8 | 3.5 |
| **Sub-total** | **93.4** | **75.2** |
| **Total** | **338.2** | **270.5** |

### 7.7 Personnel costs

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Wages | (223.5) | (200.9) |
| Social security contributions | (75.4) | (67.4) |
| Profit-sharing plans | (7.1) | (6.4) |
| Pension costs | (0.9) | (1.3) |
| **Personnel costs** | **(306.9)** | **(276.0)** |

Pension costs include the addition to provisions for retirement benefits for the year as well as the reversal of provisions as a result of benefits paid during the year.

## 7 Operating performance (Continued)

The Group's workforce at 31 December is broken down as follows:

| Number of employees | 2018 | 2017 |
|---|---|---|
| Engineers and managerial-grade staff | 1,174 | 1,008 |
| Technical and supervisory staff | 908 | 729 |
| Other | 4,820 | 4,237 |
| **Total workforce** | **6,899** | **5,974** |

### 7.8 External expenses

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Rental expenses | (48.7) | (43.1) |
| Shipping expenses | (64.9) | (55.3) |
| Maintenance and repairs | (20.0) | (19.5) |
| Legal and other fees | (14.1) | (9.8) |
| IT expenses | (8.7) | (7.7) |
| Advertising expenses | (11.6) | (6.9) |
| Subcontracting | (10.0) | (8.0) |
| Travelling expenses | (5.7) | (5.2) |
| Other expenses | (10.1) | (10.6) |
| **External expenses** | **(193.8)** | **(166.2)** |

### 7.9 Other operating income and expenses

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Net (allocation to)/reversal of impairment of receivables | 1.6 | (0.1) |
| Net (allocation to)/reversal of current provisions for liabilities | (1.0) | 0.2 |
| Gain on disposals of fixed assets | (0.1) | 0.2 |
| Other | 2.6 | 5.2 |
| **Other operating revenues and expenses** | **3.1** | **5.5** |

### 7.10 Other income from operations

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Insurance indemnity related to fire accident | 0.6 | — |
| Other income(1) | 0.2 | 0.7 |
| **Other income from operations** | 0.8 | **0.7** |

(1) For the year ended 31 December 2017, other income includes provision for late payment penalty to be received in relation to the Reau platform mechanization. For the year ended 31 December 2018, other income includes indemnity received following the winding up of Finelist.

## 7 Operating performance (Continued)

### 7.11 Other expenses from operations

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| IPO project costs carried out in 2018 | (7.9) | — |
| Implementation costs of the new Logisteo platform in Réau | — | (3.7) |
| Addition to provisions and expenses for restructuring, and for tax and employee-related disputes | — | (0.3) |
| Retirement provision—past service costs | — | (2.7) |
| Acquisition fees | (5.1) | (5.5) |
| IT restructuring | (2.4) | (1.1) |
| **Other expenses from operations** | **(15.4)** | **(13.4)** |

## 8 Employee costs and benefits

The Group's employees benefit from the following plans:

- Defined contribution plans: The benefits paid depend solely on the total contributions made and the return on these investments. The Group's liability is limited to contributions paid which are recorded as an expense.
- Defined benefit plans: In accordance with French legislation, each Group employee receives retirement benefits. These plans are largely unfunded. Actuarial gains and losses from valuation of these plans are recognized immediately in equity. The Group has no multi-employer plans.

Significant judgements and estimates

An independent actuary calculates the Group's commitment under the defined benefit plans annually using the projected unit credit method. These calculations include demographic actuarial assumptions concerning mortality, severance, retirement conditions and future salary projections. Probable future benefits are discounted using a discount rate with reference to the yield on investment-grade bonds.

The cost of defined benefit plans is calculated on the basis of actuarial valuations. These valuations are based on assumptions such as the discount, salary increase, staff turnover and mortality rates. Due to the long-term nature of such plans, there is considerable uncertainty around these estimates.

### 8.1 Changes in the obligations and provision on the statement of financial position

Changes in the pension obligations recorded in the statement of financial position were as follows:

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| **Obligation at 1 January** | **27.4** | **23.8** |
| Service cost | 2.1 | 2.1 |
| Interest cost | 0.4 | 0.3 |
| Actuarial gains/ (losses) | (1.1) | (3.3) |
| Past service cost | — | 2.7 |
| Change in scope of consolidation | 2.2 | 2.6 |
| Benefits paid | (1.2) | (0.8) |
| **Obligation at 31 December** | **29.7** | **27.4** |

## 8 Employee costs and benefits (Continued)

Changes in the provision recorded in the statement of financial position were as follows:

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| **Provision at January 1st** | **27.2** | **23.5** |
| Expense for the year | 2.4 | 5.1 |
| Benefits paid | (1.2) | (0.8) |
| Actuarial gains (losses) | (1.1) | (3.3) |
| Changes in scope of consolidation/curtailments | 2.2 | 2.6 |
| **Provision at December 31** | **29.5** | **27.2** |

### 8.2 Costs of retirement benefits recorded in income

Costs of retirement benefits recorded in the income statement:

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Service cost | (2.4) | (1.2) |
| Past service cost | — | (2.7) |
| Interest cost | (0.4) | (0.3) |
| **Expense for the year** | **(2.8)** | **(4.3)** |

### 8.3 Actuarial assumptions

The salary growth rate has been determined on the basis of the Group's projected and historical policy. The long-term salary growth rate was adjusted for the year ended 31 December 2017 based on a study conducted by the actuarial firm in October 2017.

For mortality rates, tables TGH 05 and TGF 05 have been used, which take into account both gender and age factors. The discount rates applied are obtained by reference to the long-term yield on investment-grade bonds, such as the 10-year Euro corporates bonds for AA-grade companies. The valuation assumptions used in the calculations for the periods presented are as follows

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | France / Benelux | Italy | France / Benelux | Italy |
| Discount rate | 1.65% | 1.5% | 1.50% | 1.10% |
| Long-term salary growth rate: | | | | |
| Employees—supervisors | 2.00%/year | 2.00%/year | 2.00% / 2.50%/year | 2.00%/year |
| Managerial-grade staff (*cadres*) | 3.00%/year | 2.00%/year | 3.00% / 2.50%/year | 2.00%/year |

## 8 Employee costs and benefits (Continued)

### 8.4 Sensitivity tests

An increase or decrease of 0.25% in the discount rate and assumed rate of increase in salaries would have the following impacts on the provisions and service cost related to employees in France:

| | Discount rate | | |
|---|---|---|---|
| | 1.40% | 1.65% | 1.90% |
| | (in millions of euros) | | |
| Provision in the statement of financial position | 26.6 | 25.7 | 25.0 |
| Service cost | 2.2 | 2.1 | 2.0 |

| | Long-term salary increase rate | | |
|---|---|---|---|
| | (in millions of euros) | | |
| Employees—supervisors | **1.75%** | **2.00%** | **2.25%** |
| Managerial-grade staff (*cadres*) | **2.75%** | **3.00%** | **3.25%** |
| Provision in the statement of financial position | 25.0 | 25.7 | 26.6 |
| Service cost | 1.9 | 2.1 | 2.2 |

## 9 Intangible assets and property, plant and equipment

### 9.1 Goodwill

In business combinations, goodwill represents any excess of the amount of consideration transferred and, where appropriate, non-controlling interests, over the net fair value of the acquired company's identifiable assets and liabilities. Goodwill is tested where there are indications of impairment and at least once a year in order to determine whether the carrying amount is less than the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recorded for the difference.

For the purpose of the impairment test, goodwill is grouped with other assets and liabilities of a cash-generating unit (CGU) or a group of CGUs. A CGU is a homogeneous group of assets whose continued use generates cash flows that are largely independent of cash flows generated by other assets or groups of assets.

Significant judgements and estimates

The impairment test consists of measuring the CGU's recoverable amount and comparing it to its carrying amount. The recoverable amount is defined as the higher of fair value less costs to sell and value in use. The value in use of a CGU is determined as the present value of future cash flows expected to be derived from said assets based on the economic conditions and the operating assumptions made by the Group management. An impairment loss recorded against goodwill cannot be reversed upon an increase in the recoverable amount.

| | Gross value | Impairment | Net value |
|---|---|---|---|
| | (in millions of euros) | | |
| **At 31 December 2016** | **466.2** | **(385.8)** | **80.4** |
| Newly-consolidated companies | 45.6 | — | 45.6 |
| Disposals | (23.5) | 23.5 | — |
| Impairment for the period | — | — | — |
| Foreign exchange gains/losses | 0.8 | (0.8) | — |
| **At 31 December 2017** | **489.9** | **(363.8)** | **126.0** |
| Newly-consolidated companies | 195.1 | — | 195.1 |
| Disposals | — | — | — |
| Impairment for the period | — | — | — |
| Foreign exchange gains/losses | — | — | — |
| **At 31 December 2018** | **685.0** | **(363.8)** | **321.1** |

The LV France and HGV segments each represent the lowest level in the Group at which goodwill is monitored for internal management purposes; each segment is considered a CGU, as the synergies resulting from

## 9 Intangible assets and property, plant and equipment (Continued)

acquisitions in these segments benefit the activities of the entire segment due to the Group's vertically integrated distribution model (purchasing, logistics and distribution departments). As indicated in Note 6.3, the Group's management uses the key performance indicator adjusted EBITDA to monitor the synergies arising from acquisitions at segment level.

In 2018, the goodwill was allocated and tested following the following segments:

- CGU LV Frances;
- CGU Trucks;
- CGU LV International.

*Determination of the recoverable value*

***LV France***

At 31 December 2016, the assets tested were valued at €306.2 million. This amount was compared with their value in use of €847.3 million, calculated based on the present value of future cash flows using a discount rate of 8.5% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €762.5 million in the event that objectives in the business plan were achieved at 90%. Since this is higher than the carrying amount of the net assets tested, no asset impairment was recognised.

***For year ended 2018***

| % achievement of BP | Discount rate 7.5% | 8.0% | 8.5% | 9.0% | 9.5% |
|---|---|---|---|---|---|
| 90% | 880.9 | 817.5 | 762.5 | 714.5 | 672.1 |
| 95% | 929.9 | 862.9 | 804.9 | 754.2 | 709.4 |
| 100% | 978.8 | 908.3 | 847.3 | 793.9 | 746.8 |

***Trucks***

At 31 December 2018, the trucks CGU's goodwill is exclusively composed by the goodwill related to the acquisition of Bisensang group in March 2017. At 31 December 2018, the assets tested were valued at €48.9 million. This amount was compared with their value in use of €50.5 million, calculated based on the present value of future cash flows using a discount rate of 8.5% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €45.5 million in the event that objectives in the business plan were achieved at 90%. No asset impairment was recognised.

***For year ended 2018***

| % achievement of BP | Discount rate 7.5% | 8.0% | 8.5% | 9.0% | 9.5% |
|---|---|---|---|---|---|
| 90% | 53.5 | 49.2 | 45.5 | 42.2 | 39.4 |
| 95% | 56.4 | 51.9 | 48.0 | 44.6 | 41.6 |
| 100% | 59.4 | 54.6 | 50.5 | 46.9 | 43.7 |

| Perpetuity growth rate | Discount rate 8.5% |
|---|---|
| 0.50% | 47.7 |
| 0.75% | 49.0 |
| 1.00% | 50.5 |
| 1.25% | 52.1 |
| 1.50% | 53.8 |

## 9 Intangible assets and property, plant and equipment (Continued)

### *LV International*

At 31 December 2018, the assets tested were valued at €324.6 million. This amount was compared with their value in use of €490.7 million, calculated based on the present value of future cash flows using a discount rate of 8.5% and a perpetuity growth rate of 1%. A sensitivity test was performed which showed that the valuation would amount to €441.6 million in the event that objectives in the business plan were achieved at 90%, above the carrying amount of the net assets tested. No sensitivity test was performed on a perpetual growth rate because of the significant margin given by the impairment test result. As the value in use is greater than the net book value of the assets tested, no impairment of assets has been recognized.

***For year ended 2018***

| % achievement of BP | Discount rate | | | | |
|---|---|---|---|---|---|
| | 7.5% | 8.0% | 8.5% | 9.0% | 9.5% |
| 90% | 510.4 | 473.6 | 441.6 | 413.7 | 389.1 |
| 95% | 538.8 | 499.9 | 466.2 | 436.7 | 410.7 |
| 100% | 567.1 | 526.2 | 490.7 | 459.7 | 432.3 |

### *Digital BtoC*

Oscaro and its subsidiaries were acquired on November 13, 2018, at which time the fair value of the purchase price was determined and the provisional goodwill of € 140.1 million was recognized as part of the allocation. the fair value of the purchase price. See Note 5.1.1.3 which details the allocation of the fair value of the purchase price. The allocation of goodwill among the different CGUs has not yet been completed. Since the assets were recorded at fair value at the acquisition date in November 2018 and no significant event indicates any potential impairment loss, no valuation was performed at December 31, 2018 and no impairment loss has been recorded.

## 9.2 Other intangible assets

Intangible assets acquired separately are valued at acquisition cost. Intangible assets acquired in connection with a business combination are recorded at fair value on the acquisition date. Costs relating to intangible assets created internally are recorded under assets when the criteria set out in IAS 38 Intangible Assets are met.

In accordance with IAS 38 “Intangible Assets”, development expenses are are capitalized as an intangible asset when the following criteria are met:

- the technical feasibility of the project is demonstrated;
- the intention exists to finish the project and use or sell the products created during the project;
- the ability to use or sell the products created during the project is demonstrated;
- a potential market for the products created during the project exists or their usefulness, in case of internal use, is demonstrated, leading one to believe that the project will generate probable future economic benefits;
- adequate resources are available to complete the project; and
- the expenditure attributable to the project during its development phase can be reliably measured.

Compliant with IAS 38, research expenses, or development expenses that do not meet the criteria set out above, are recorded as expenses in the year in which they are incurred.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are amortized over their useful lives for accounting purposes and are tested for impairment whenever there is an indication that they may be impaired. Amortization of intangible assets with finite useful lives is recorded in the income statement in the appropriate expense category based on the intangible asset’s function. The Group’s intangible assets fall into this category and primarily comprise Movex accounting software licenses, as well as capitalized development costs.

## 9 Intangible assets and property, plant and equipment (Continued)

Amortization begins when the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets are amortized on a straight-line basis over the following estimated useful life:

Software (licences) 5 years

Capitalized development costs 2 to 5 years

### Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life are not amortized but are tested for impairment at least once a year on 31 December, either individually or at the level of the CGU to which they belong, and whenever there is an indication that they may be impaired.

### Impairment

After initial recognition, intangible assets are valued at their acquisition cost less accumulated amortization and impairment. The assets are tested for impairment by comparing its recoverable amount with its net carrying amount, where the recoverable amount is defined as the higher of its fair value less costs to sell and its value in use. It is determined for each asset separately, unless the asset generates cash flows that are largely dependent on the cash flows generated by other assets or groups of assets. Impairment of continuing operations is recorded in the income statement in the appropriate expenses category with regard to the function of the impaired asset. An assessment is made on each reporting date in order to identify whether a previously identified indication of impairment has decreased or no longer exists. In this case, the Group estimates the recoverable amount and an impairment loss previously recorded is reversed to the asset's recoverable amount. When an impairment loss is reversed, the carrying amount of an asset must not exceed the carrying amount that would have been determined, less depreciation and amortization, had no impairment been recorded for said asset during previous periods. An impairment loss reversal is recorded in the income statement.

### Significant judgements and estimates

The amortization period and method for intangible assets with finite useful lives are reviewed at least once a year at the reporting date. The useful life of an intangible asset with an indefinite useful life is reviewed annually at the reporting date in order to determine whether the indefinite useful life assessment is still justified. If it is not, the change in assessment of the nature of the useful life from indefinite to finite is recorded prospectively.

For the purpose of impairment testing, value in use is determined using the projected future cash flows based on the five-year business plan approved by the Executive Committee, discounted by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An appropriate valuation model is used to determine the fair value less costs to sell.

## 9 Intangible assets and property, plant and equipment (Continued)

**(in millions of euros)**

| Gross value | Software and licenses | Brands | Customer relationships | Other | Total |
|---|---|---|---|---|---|
| **At 31 December 2016** | **78.8** | **156.9** | **20.5** | **2.3** | **258.5** |
| Asset acquisitions | 8.1 | — | — | 2.1 | 10.2 |
| Customer relationship acquisition | — | — | 10.0 | — | 10.0 |
| Reclassification | 1.8 | — | — | (1.8) | — |
| Asset disposals | (1.3) | — | — | — | (1.3) |
| Business combinations | 0.5 | 13.8 | 28.1 | — | 42.3 |
| Discontinued operations | (2.3) | — | — | — | (2.3) |
| Foreign exchange gains (losses) | 0.1 | — | — | — | 0.1 |
| **At 31 December 2017** | **85.6** | **170.7** | **58.6** | **2.6** | **317.5** |
| Asset acquisitions | 10.7 | — | — | 0.8 | 11.5 |
| Customer relationship acquisition | — | — | 5.3 | — | 5.3 |
| Reclassification | 1.8 | — | — | (1.9) | (0.1) |
| Asset disposals | (0.1) | — | — | — | (0.1) |
| Business combinations | 6.5 | — | 33.4 | 0.4 | 40.3 |
| **At 31 December 2018** | **104.4** | **170.7** | **97.3** | **1.8** | **374.3** |

| Amortization and impairment | Software and licenses | Brands | Customer relationships | Other | Total |
|---|---|---|---|---|---|
| **At 31 December 2016** | **70.1** | **—** | **1.8** | **0.5** | **72.3** |
| Amortization | 6.7 | — | 6.5 | 0.1 | 13.3 |
| Reclassification | 0.1 | — | — | (0.1) | — |
| Impairment and reversals | (1.3) | — | — | — | (1.3) |
| Discontinued operations | (1.9) | — | — | — | (1.9) |
| Foreign exchange gains (losses) | 0.1 | — | — | — | 0.1 |
| **At 31 December 2017** | **73.7** | **—** | **8.3** | **0.5** | **82.5** |
| Amortization | 8.6 | — | 12.8 | 0.2 | 21.5 |
| Reclassification | (0.1) | — | — | — | (0.1) |
| Impairment and reversals | (0.1) | — | — | — | (0.1) |
| **At 31 December 2018** | **82.0** | **—** | **21.1** | **0.7** | **103.8** |
| ***Net value*** | | | | | |
| **At 31 December 2017** | **11.8** | **170.7** | **50.3** | **2.3** | **235.0** |
| **At 31 December 2018** | **22.4** | **170.7** | **76.3** | **1.1** | **270.5** |

### *Autodistribution brand*

The “Autodistribution” brand recognized at the time of the acquisition of Parts Europe (formerly Autodis) on 28 February 2006 by Parts Holding Europe (formerly Autodis Group) is allocated to the LV France and Trucks CGUs. The net carrying value of the brand is amounted to €156.9 million as of 31 December 2018 and 2017.

On 31 December 2018, the Group carried out a valuation of the Autodistribution brand using the same approach as 2017. The assumptions used include a discount rate of 10.5%, a royalty rate of 1.5% and a perpetuity growth rate of 1%. This valuation showed a brand value of €191.7 million. Although this is higher than the carrying amount of €156.9 million, there is no additional impairment previously recorded that can be reversed and therefore, the Autodistribution brand continues to be carried at its current carrying value.

## 9 Intangible assets and property, plant and equipment (Continued)

The table below shows the sensitivity of the valuation to changes in the discount rate and royalty rate assumptions:

*(in millions euros)*

| Royalty rate | Discount rates: 10.0% | 10.5% | 11.5% |
|---|---|---|---|
| 1.00% | 134.6 | 127.8 | 116.0 |
| 1.50% | 202.0 | 191.7 | 174.0 |
| 2.00% | 269.3 | 255.6 | 232.0 |

### *Mondial Pare-Brise brand*

The "Mondial Pare-Brise" brand recognized at the time of the acquisition of Mondial Pare-Brise on 22 March 2017 by the Group is allocated to the LV France CGU. The net carrying value of the brand is amounted to €13.8 million as of 31 December 2017. Given the brand was recognized at fair value at the time of acquisition in March 2017, separate valuation was not performed as of 31 December 2018. Refer to Note 5.1.2.1 for details of assumptions used to value the brand.

### 9.3 Property, plant and equipment

Items of property, plant and equipment, including land, property and the corresponding fixtures, are carried at cost less accumulated depreciation and impairment losses. Routine maintenance costs are expensed as incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

| | |
|---|---|
| Properties | 25 years |
| Equipment and machinery | 10 years |
| General fixtures and fittings | 5 years |
| Transportation equipment | 5 years |
| Furnishings | 5 years |
| IT equipment | 2 years |

The useful lives of the assets and the depreciation methods are reviewed and modified when necessary on each annual reporting date.

An item of property, plant and equipment is derecognized when it is disposed of or when no further future economic benefits are expected from its use. Any gain or loss resulting from derecognizing an asset (calculated on the basis of the difference between the net proceeds on disposal and the net carrying amount) is recorded in the income statement in the year in which it is derecognized.

## 9 Intangible assets and property, plant and equipment (Continued)

| (in millions of euros) | Land | Property and fixtures | Technical fittings | Vehicles | IT equipment | Furnishings | Assets under construction | Total |
|---|---|---|---|---|---|---|---|---|
| ***Gross value*** | | | | | | | | |
| **At 31 December 2016** | **6.1** | **105.8** | **47.4** | **12.3** | **23.7** | **6.7** | **19.1** | **221.2** |
| Asset acquisitions | — | 8.3 | 3.9 | 1.8 | 2.1 | 1.2 | 0.8 | 18.2 |
| Reclassification | — | 9.7 | 7.7 | 0.2 | 2.2 | 0.3 | (18.9) | 1.1 |
| Disposals | (0.2) | (7.4) | (2.7) | (1.2) | (2.9) | (0.6) | — | (15.1) |
| Business combinations | — | 1.4 | 0.6 | 0.3 | 0.3 | 0.7 | — | 3.2 |
| Discontinued operations | (0.2) | (0.7) | (4.4) | (0.1) | (1.8) | (0.6) | — | (7.9) |
| Foreign exchange gains/ (losses) | — | — | 0.1 | — | 0.1 | — | — | 0.3 |
| **At 31 December 2017** | **5.7** | **117.1** | **52.5** | **13.2** | **23.6** | **7.7** | **1.0** | **220.9** |
| Asset acquisitions | — | 7.0 | 4.3 | 2.0 | 2.5 | 0.6 | 5.0 | 21.3 |
| Reclassification | — | 0.7 | 0.2 | — | 0.2 | (0.1) | 0.8 | — |
| Disposals | — | (2.4) | (2.2) | (1.6) | (0.4) | (0.2) | — | (6.7) |
| Business combinations | — | 2.9 | 4.1 | 1.0 | 1.5 | 1.1 | 0.1 | 10.7 |
| **At 31 December 2018** | **5.7** | **125.2** | **58.9** | **14.5** | **27.2** | **9.1** | **5.3** | **246.1** |

| | Land | Property and fixtures | Technical fittings | Vehicles | IT equipment | Furnishings | Assets under construction | Total |
|---|---|---|---|---|---|---|---|---|
| ***Depreciation and impairment*** | | | | | | | | |
| **At 31 December 2016** | **1.6** | **62.5** | **36.0** | **8.8** | **18.9** | **4.5** | **—** | **132.3** |
| Depreciation | — | 8.1 | 3.8 | 1.5 | 2.7 | 0.8 | — | 16.9 |
| Impairment | — | — | — | — | — | — | — | — |
| Reversals related to disposals of business | — | (0.5) | (3.9) | (0.1) | (1.7) | (0.4) | — | (6.6) |
| Reclassification | — | (0.2) | 1.0 | 0.1 | 0.2 | — | — | 1.1 |
| Reversals related to asset disposals | (0.1) | (6.1) | (2.5) | (1.2) | (2.9) | (0.6) | — | (13.4) |
| Foreign exchange gains/ (losses) | — | — | 0.1 | — | 0.1 | — | — | 0.2 |
| **At 31 December 2017** | **1.6** | **63.7** | **34.5** | **9.0** | **17.2** | **4.5** | **—** | **130.5** |
| Depreciation | — | 8.2 | 4.0 | 1.8 | 2.9 | 1.0 | 0.0 | 17.9 |
| Impairment | — | — | — | — | — | — | — | — |
| Reversals related to disposals of business | — | (1.8) | (2.0) | (1.5) | (0.2) | (0.1) | — | (5.8) |
| Reclassification | — | — | — | — | — | — | — | — |
| **At 31 December 2018** | **1.6** | **69.7** | **36.6** | **9.5** | **20.0** | **5.1** | **—** | **142.5** |
| ***Net Value*** | | | | | | | | |
| **At 31 December 2017** | 4.1 | 53.4 | 18.0 | 4.2 | 6.4 | 3.3 | 1.0 | 90.4 |
| **At 31 December 2018** | **4.1** | **55.5** | **22.3** | **5.0** | **7.2** | **4.0** | **5.3** | **103.6** |

## 9 Intangible assets and property, plant and equipment (Continued)

### 9.3.1 Reconciliation of depreciation and amortization expense recorded in the income statement

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Intangible assets from acquired business combinations | (12.8) | (6.9) |
| Other intangible assets | (8.7) | (6.3) |
| Total intangible assets | (21.5) | (13.2) |
| Property, plant and equipment | (17.9) | (16.9) |
| **Depreciation and amortization expense** | **(39.4)** | **(30.0)** |
| Depreciation and amortization expense related to discontinued operations | — | 0.3 |
| **Depreciation and amortization expense from continuing operations** | **(39.4)** | **(29.8)** |

### 9.3.2 Reconciliation of property, plant and equipment and intangible asset acquisitions shown in the statement of cash flows

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Intangible assets (excl. customer relationships) | 11.5 | 10.2 |
| Property, plant and equipment | 21.3 | 18.2 |
| **Acquisitions of non-current assets, total** | **32.8** | **28.3** |
| *less* Acquisitions of non-current assets from discontinued operations | — | (0.3) |
| **Acquisitions of non-current assets from continuing operations** | **32.8** | **28.0** |

## 10 Other non-current assets

| | Loans | Deposits, guarantees and other sureties | Total |
|---|---|---|---|
| | (in millions of euros) | | |
| ***Gross value*** | | | |
| **At 31 December 2016** | **8.4** | **10.3** | **18.7** |
| Acquisitions | 4.0 | 0.8 | 4.8 |
| Reclassification | — | — | — |
| Disposals | (3.0) | (1.9) | (4.9) |
| Business acquisitions | 1.2 | (0.3) | 0.9 |
| Foreign exchange gains/ (losses) | — | 0.1 | 0.1 |
| **At 31 December 2017** | **10.5** | **9.0** | **19.6** |
| Acquisitions | 0.5 | 4.1 | 4.6 |
| Reclassification | — | (0.2) | (0.2) |
| Disposals | (5.6) | (1.4) | (7.1) |
| Business acquisitions | 0.6 | 8.4 | 9.0 |
| **At 31 December 2018** | **6.0** | **19.9** | **25.9** |
| ***Amortization and impairment*** | | | |
| **At 31 December 2016** | — | 0.3 | 0.3 |
| Amortization and impairment | 0.1 | (0.1) | (0.1) |
| **At 31 December 2017** | 0.1 | 0.2 | 0.2 |
| Amortization and impairment | 0.5 | 0.2 | 0.7 |
| **At 31 December 2018** | **0.6** | **0.4** | **1.0** |
| ***Net value*** | | | |
| **At 31 December 2017** | **10.5** | **8.8** | **19.3** |
| **At 31 December 2018** | **5.4** | **19.5** | **24.9** |

## 11 Provisions

A provision is recorded when the Group has a current obligation (legal or implied) arising as a result of a past event, when it is likely that an outflow of resources representing economic benefits will be necessary in order to settle the obligation and the amount of the obligation can be reliably estimated. In the ordinary course of its operations, the Group may be involved in legal procedures relating to industrial disputes, commercial disputes, etc. In such cases, in conjunction with its legal advisors, the Group analyses the circumstances of the disputes and assesses the probability that an outflow of resources will be required to settle them.

When the Group expects the provision to be partly or wholly refunded, for example through an insurance policy, the refund is recorded as a separate asset but only if it is virtually certain. The amount of the expense corresponding to a provision is recorded in the income statement net of any refunds.

If the effect of the time value of money is material, provisions are discounted on the basis of a current rate before tax, which reflects the risks specific to the liability. When the provision is discounted, the increase relating to the passage of time is recorded as a financial expense.

Changes in current provisions are as follows:

| | 1 Jan. 2018 | Newly consolidated | Reclassifi-cations | Additions and disposals | Reversals (used provisions) | Reversals (surplus provisions) | 31 Dec. 2018 |
|---|---|---|---|---|---|---|---|
| | | | (in millions of euros) | | | | |
| Employee disputes | **3.2** | 1.2 | (0.6) | 0.7 | 1.4 | 0.4 | **2.4** |
| Site closures | **0.4** | | (0.1) | 0.3 | 0.3 | | **0.3** |
| Tax risk | **0.4** | 1.2 | 0.6 | 0.4 | 0.2 | | **2.4** |
| Sales disputes | **0.5** | 1.0 | | 1.3 | 0.5 | 0.1 | **2.5** |
| Other provisions | **2.6** | 0.9 | | 0.2 | 0.4 | 0.3 | **3.0** |
| **Total** | **7.1** | **4.3** | **(0.1)** | **2.9** | **2.8** | **0.8** | **10.5** |

In collective proceedings, Klarius France, a manufacturer of automotive spare parts in France, sued Autodistribution and some of its subsidiaries before the Commercial Court (*Tribunal de Commerce*) for the sudden termination of an established commercial relationship. Their claim is for approximately €2.4 million. No provision was booked in the Group's consolidated financial statements at 31 December 2018. The Commercial Court handed down a judgment on 23 March 2017 that exonerated Gadest and Autodistribution, and retained the potential liability of three other subsidiaries, adding that the €0.3 million in compensation is secured by Klarius' English parent companies in collective proceedings. This judgement is not enforceable. In this context, Group confirms its historical position and consider that the probability of an outflow of resources has not been demonstrated, taking into account the facts and circumstances of the lawsuit. An appeal in "cassation" was formulated on October 11, 2018 by the liquidator of Klarius. The Group is therefore awaiting briefs and a date for oral argument.

## 12 Financial assets and liabilities

### Financial assets

IFRS 9 introduces a classification approach for financial assets, either at amortized cost or at fair value. The financial asset is classified in its entirety and is not subject to complex rules of decomposition.

Two criteria are used to determine how financial assets should be classified and measured:

- the business model of the entity for the management of financial assets, and
- the characteristics of the contractual cash flows of the financial asset.

For a financial asset in the scope of IFRS 9, there are 3 types of economic models:

- If the objective of the business model is exclusively to hold financial assets to cash out contractual cash flows: the financial asset is measured at amortized cost.
- If the objective of the business model is both to hold financial assets to cash out in contractual cash flows and to sell financial assets: the financial asset is measured at fair value through profit or loss.

## 12 Financial assets and liabilities (Continued)

- If financial assets that are not held in any of the two business models above are measured at fair value through profit or loss.

The Group's financial assets are classified as financial assets at fair value through profit or loss and in the category of financial assets measured at amortized cost.

### Financial liabilities

All loans are initially recorded at fair value, less directly related transaction costs.

After initial recognition, interest-bearing loans are valued at amortized cost using the effective interest rate method. The issue costs have an impact on the initial carrying amount and are recognized over the term of the loan using the effective interest rate method. The amortized issue costs are presented as a deduction from the liabilities to which they relate.

Gains and losses are recorded in the income statement when the liabilities are derecognized through the amortized cost mechanism.

### Fair value

IFRS 13 *Fair Value Measurement*, as effective for as of 1 July 2014, establishes a fair value hierarchy consisting of three levels:

Level 1: prices on the valuation date for identical instruments to those being valued, quoted on an active market to which the entity has access;

Level 2: directly observable market inputs other than Level 1 inputs;

Level 3: inputs not based on observable market data (for example, data derived from extrapolations).This level applies when there is no observable market or data and the entity is obliged to rely on its own assumptions to assess the data that other market participants would have applied to price other instruments.

Cash and cash equivalents are measured at level 1 of the fair value hierarchy.

At 31 December 2018:

| | Assets/ liabilities at fair value through income | Assets/ liabilities at amortized cost | Total net carrying amount | Total fair value |
|---|---|---|---|---|
| | | (in millions of euros) | | |
| Financial assets at fair value through income | 0.9 | — | **0.9** | **0.9** |
| Other non-current assets, net | — | 24.9 | **24.9** | **24.9** |
| Trade receivables, net | 223.5 | — | **223.5** | **223.5** |
| Other current assets, net | — | 62.6 | **62.6** | **62.6** |
| Cash and cash equivalents | 81.3 | — | **81.3** | **81.3** |
| **Financial assets** | **305.7** | **87.5** | **393.2** | **393.2** |
| Borrowings and debt (current and non-current) | 1.2 | 1013.1 | **1014.2** | **1014.2** |
| Trade payables | 244.8 | — | **244.8** | **244.8** |
| Other non-current liabilities | — | 5.5 | **5.5** | **5.5** |
| Other current liabilities[(1)] | — | 27.6 | **27.6** | **27.6** |
| **Financial liabilities** | **246.0** | **1046.2** | **1292.1** | **1292.1** |

## 12 Financial assets and liabilities (Continued)

At 31 December 2017:

| | Assets/ liabilities at fair value through income | Assets/ liabilities at amortized cost | Total net carrying amount | Total fair value |
|---|---|---|---|---|
| | | (in millions of euros) | | |
| Other non-current assets, net | 2.2 | 19.3 | **21.5** | **21.5** |
| Trade receivables, net | 220.4 | — | **220.4** | **220.4** |
| Other current assets, net | — | 53.1 | **53.1** | **53.1** |
| Cash and cash equivalents | 71.6 | | **71.6** | **71.6** |
| **Financial assets** | **294.2** | **72.4** | **366.5** | **366.5** |
| Borrowings and debt (current and non-current) | 1.2 | 694.9 | **696.1** | **696.1** |
| Trade payables | 195.3 | — | **195.3** | **195.3** |
| Other non-current liabilities | — | 5.1 | **5.1** | **5.1** |
| Other current liabilities(1) | — | 14.3 | **14.3** | **14.3** |
| Derivative financial instruments | — | 1.3 | **1.3** | **1.3** |
| **Financial liabilities** | **196.5** | **715.6** | **912.1** | **912.1** |

(1) Excluding tax and social security liabilities outside the scope of IAS 39.

### 12.1 Long-term debt

#### 12.1.1 Group financing as of 31 December 2018

On 5 July 2018, the Group issued an additional €175.0 million of the Senior Secured Floating Rate Notes paying variable interest at Euribor +4.375%, maturing in 2022 at an issue price of 99.5%.

At 31 December 2018, the Group's financing are as follows:

| Bond issue (in millions of euros unless otherwise indicated) | Nominal value | Fair value | Value at amortized cost | Fixed interest rates | Variable interest rates | Maturity | Comments |
|---|---|---|---|---|---|---|---|
| Senior secured floating rate notes | 515.0 | 500.0 | 506.5 | — | Euribor+4.375% | April 2022 | Fully underwritten |
| Senior secured fixed rate notes | 260.0 | 247.3 | 256.4 | 4.375% | — | April 2022 | Fully underwritten |
| Sup Bonds | 1.2 | 1.2 | | | | | Fully underwritten |

In addition, the Revolving Credit Facility line was used for € 90 million in the context of the acquisition of Oscaro on November 13, 2018. This line was repaid in 2019 with part of the refinancing (refer to note 18 for more details)

#### 12.1.2 Group financing as of 31 December 2017

On 21 April 2017, the Group issued an additional €80.0 million of the Senior Secured Floating Rate Notes paying variable interest at Euribor +4.375%, maturing in 2022 at an issue price of 100.5%.

At 31 December 2017, the Group's financing are as follows:

| Bond issue (in millions of euros unless otherwise indicated) | Nominal value | Fair value | Value at amortized cost | Fixed interest rates | Variable interest rates | Maturity | Comments |
|---|---|---|---|---|---|---|---|
| Senior secured floating rate notes | 340.0 | 342.6 | 334.9 | — | Euribor+4.375% | April 2022 | Fully underwritten |
| Senior secured fixed rate notes | 260.0 | 267.6 | 255.5 | 4.375% | — | April 2022 | Fully underwritten |
| Sup Bonds | 1.2 | 1.2 | | | | | Fully underwritten |

## 12 Financial assets and liabilities (Continued)

### 12.1.3 Refinancing transactions

The refinancing transactions are summarized in the table below:

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Senior Secured Notes | 175.0 | 80.0 |
| Refinancing fees | (5.2) | (1.1) |
| Revolving credit facility—drawing | 90.0 | — |
| Other loans | 3.4 | 3.3 |
| **Increase in borrowings** | **263.2** | **82.3** |
| Sup Bonds | — | (0.4) |
| CICE financing | (5.9) | (3.6) |
| Repayment of other borrowings and loans | (1.2) | (4.5) |
| **Repayment of borrowings** | **(7.1)** | **(8.5)** |

### 12.1.4 Non-current borrowings and debt by maturity

The amounts below include contractual cash flows net of projected repayments plus interest payable.

At 31 December 2018

| | Interest payments | | | | Gross repayments | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Total |
| | (in millions of euros) | | | | | | | | |
| Senior Secured Notes | 33.9 | 84.7 | — | **118.6** | — | 775.0 | — | **775.0** | **893.6** |
| Sup Bonds | — | — | — | **—** | 1.2 | — | — | **1.2** | **1.2** |
| Revolving credit facility | — | — | — | **—** | 90.0 | — | — | **90.0** | **90.0** |
| Amounts owed under finance leases | 0.1 | — | — | **0.1** | 1.0 | 2.2 | — | **3.2** | **3.3** |
| Other borrowings and accrued interest | 0.2 | 0.1 | — | **0.3** | 24.3 | 7.0 | — | **31.3** | **31.6** |
| **Total non-current borrowings and debt** | **34.2** | **84.8** | **—** | **119.0** | **116.5** | **784.2** | **—** | **900.7** | **1,019.7** |

At 31 December 2017

| | Interest payments | | | | Gross repayments | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Less than 1 year | Between 1 and 5 years | More than 5 years | Sub-total | Total |
| | (in millions of euros) | | | | | | | | |
| Senior Secured Notes | 26.3 | 101.3 | — | **127.5** | — | 600.0 | — | **600.0** | **727.5** |
| Sup Bonds | — | — | — | **—** | 1.2 | — | — | **1.2** | **1.2** |
| Amounts owed under finance leases | — | — | — | **—** | 0.3 | 0.7 | — | **1.0** | **1.0** |
| CICE tax credit financing | — | — | — | **—** | 5.9 | — | — | **5.9** | **5.9** |
| Other borrowings and accrued interest | 0.1 | 0.1 | — | **0.2** | 16.6 | 4.7 | — | **21.3** | **21.5** |
| **Total non-current borrowings and debt** | **26.4** | **101.4** | **—** | **127.8** | **23.9** | **605.4** | **—** | **629.3** | **757.1** |

## 12 Financial assets and liabilities (Continued)

### 12.1.5 Breakdown of borrowings and debt by type

| | 2018 | 2017 Restated[1] |
|---|---|---|
| | (in millions of euros) | |
| ***Non-current*** | | |
| Senior Secured Notes | 762.9 | 590.4 |
| Value of put option held by minority shareholders | 48.6 | 23.9 |
| Amounts owed under finance leases (more than one year)[2] | 2.2 | 0.7 |
| Other borrowings and accrued interest[3] | 6.9 | 4.7 |
| **Sub-total of non-current borrowings and debt** | **820.7** | **619.7** |
| ***Current*** | | |
| Senior Secured Notes interest | 5.7 | 4.4 |
| Sup Bonds | 1.2 | 1.2 |
| Value of put option held by minority shareholders | 6.1 | 5.8 |
| Amounts owed under finance leases (less than one year)[2] | 1.0 | 0.3 |
| CICE tax credit financing with BPI France | — | 5.9 |
| Revolving credit facility | 90.0 | — |
| Other borrowings (less than one year)[3] | 24.3 | 16.6 |
| CGA, KBC, BNP, Eurofactor factoring | 22.0 | 22.8 |
| Italian local lines of credit | 39.5 | 18.5 |
| Bank overdrafts[4] | 3.9 | 0.9 |
| **Sub-total of current borrowings and debt** | **193.6** | **76.4** |
| **Total borrowings and debt** | **1014.3** | **696.1** |

(1) Figures have been updated according to note 3.

(2) Amounts owed under finance leases are the result of leases and sale and leaseback agreements used to finance the purchase of vehicles and certain investments in real estate, IT and furniture.

(3) Borrowings and debt incurred by some of the Group's subsidiaries.

(4) Bank overdrafts in France and bank account debit balances resulting from normal time lags between the value date for banking purposes and entry dates in the accounts.

Interest on bank overdrafts used by the Group and its subsidiaries is charged at market rates.

At 31 December 2018, the Group had available credit lines of €68.7 million as follows:

| | Conditions | Drawdowns |
|---|---|---|
| Revolving credit facility—JP Morgan | €90.0 million at Euribor +3.5% | Fully drawdown |
| FPLS—BPO | Short-term overdraft: €1.7 million | Partial drawdown of €0.8 million |
| ACR group—CGA factoring | €18.0 million at CGA +0.70% | Partial drawdown of €4.4 million |
| Doyen group—KBC factoring | €11.5 million (Euribor +0.95%) | Partial drawdown of €6.7 million |
| Doyen group—BNP factoring | €18.0 million at Euribor +0.60% | Partial drawdown of €4.1 million |
| Doyen group—Club Deal (BNP/ KBC/ING) | Revolving credit limited to €12.0 million | Partial drawdown of €7.5 million |
| Doyen group—Overdrafts and facilities | Overdrafts and facilities limited to €3.4 million | Partial drawdown of €2.0 million |
| Geevers—Credit line | €7.0 million | Partial drawdown of €6.2 million |
| Oscaro—ARKEA/BNP overdrafts and credit line | €5.3 million | Partial drawdown of €3.1 million |
| Autodis Italia Srl Group—*ricevuta bancaria* | €66.1 million (BNL, CREDEM, etc.) | Partial drawdown of €39.5 million |

The Group also has a deconsolidating factoring agreement with Factofrance. At December 31, 2018, the associated debt amounts to € 6.7 million.

## 12 Financial assets and liabilities (Continued)

### 12.2 Cash and cash equivalents

Cash and cash equivalents recorded in the statement of financial position include cash at bank and on hand, short term deposits with a term of three months or less and marketable securities which meet the criteria of cash equivalents, i.e., investments that are:

short-term;

highly liquid;

readily convertible into known amounts of cash; and

subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include the cash and cash equivalents as defined above, less bank overdrafts.

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Cash equivalents | 0.1 | — |
| Cash at bank and on hand | 81.0 | 71.2 |
| Restricted cash | 0.2 | 0.3 |
| **Total** | **81.3** | **71.6** |

The carrying amount of all these items corresponds to their fair value.

For the purposes of the consolidated statement of cash flows, the "Cash and cash equivalents" heading includes the following items at 31 December:

| | 2018 | 2017 restated(1) |
|---|---|---|
| | (in millions of euros) | |
| Cash equivalents | 0.1 | — |
| Cash at bank and on hand | 81.0 | 71.2 |
| Restricted cash | 0.2 | 0.3 |
| Bank overdrafts | (3.9) | (0.9) |
| **Net cash and cash equivalents—continuing operations** | **77.4** | **70.6** |

(1) Figures have been updated according to note 3.

## 12 Financial assets and liabilities (Continued)

### 12.3 Liabilities from financing activities

| | At 31 December 2017 restated(1) | Cash flows from financing activities | Cash flows from investing activities | Other non-cash movements | At 31 December 2018 |
|---|---|---|---|---|---|
| | | | (in millions of euros) | | |
| Senior Secured Notes, net of issuance cost(2) | 590.4 | 169.8 | — | 2.7 | 762.9 |
| Revolving credit facility | — | 90.0 | — | — | 90.0 |
| Other borrowings | 21.3 | (1.9) | — | 11.9 | 31.3 |
| Factoring | 22.8 | (0.8) | — | — | 22.0 |
| CICE financing | 5.9 | (5.9) | — | — | — |
| Amounts owed under finance lease | 1.0 | (0.6) | — | 2.8 | 3.2 |
| Value of put option on non-controlling interests | 29.7 | — | (2.3) | 27.3 | 54.7 |
| Italian credit lines | 18.5 | 5.6 | — | 15.4 | 39.5 |
| Sup Bonds | 1.2 | — | — | — | 1.2 |
| **Total liabilities from financing activities** | **690.8** | **256.2** | **(2.3)** | **60.1** | **1 004.8** |

(1) Figures have been updated according to note 3.

(2) The Senior Secured Notes are shown here net of unamortized portion of capitalized debt issuance costs of €12.1 million and €9.6 million as of 31 December 2018 and 2017, respectively.

Non-cash movements of other borrowings relate to 2018 acquisitions. The value of put option on non-controlling interests relate to the put options held by the Group on the non-controlling interest of Autodis Italia and Oscaro (see Note 5.1.2.2).

### 12.4 Financial income

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Income from financial investments | 0.4 | 0.4 |
| Gains on the disposal of non-current financial assets | 0.7 | 3.7 |
| Other | 0.4 | 0.2 |
| **Total financial income** | **1.5** | **4.3** |

### 12.5 Financial expense

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Cost of external loans and bank overdrafts | (35.0) | (27.5) |
| Accretion of financial debt | (2.6) | (2.4) |
| Expenses related to financial instruments | (0.9) | (0.8) |
| Interest cost of provision for retirement benefits | (0.4) | (0.3) |
| Foreign exchange losses | — | — |
| Value adjustment on Oscaro shares acquired in 2018 | (4.7) | — |
| Other financial expenses | (0.5) | (0.2) |
| **Total financial expenses** | **(44.0)** | **(31.2)** |

### 12.6 Financial risk management objectives and policies

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the payment of dividends to shareholders, repay some of the capital or issue new shares. The Group does not have any equity-based covenants.

### 12 Financial assets and liabilities (Continued)

The Group's main instruments consist of borrowings and bank overdrafts, amounts owed under finance leases, trade payables, lease agreements with a purchase option and loans granted. The financial instruments are contracted principally to finance the Group's operating activities. The Group has other financial assets such as trade receivables, cash and cash equivalents and short-term deposits, which are generated directly by its operations.

The main risks related to the Group's financial instruments are cash flow interest rate risk, foreign exchange risk, counterparty risk and liquidity risk. The policies in place for managing these risks are summarized below.

The Group manages its capital in such a way as to optimize debt to equity ratios and the financial leverage obtained by debt.

#### 12.6.1 Interest rate risk

The Group borrows at fixed and variable rates, and is therefore exposed to interest rate risk on the portion of debt corresponding to the €515.0 million Senior Secured Notes paying interest at Euribor +4.375%.

An increase in the 3-month Euribor rate would have the following impacts on the interest costs related to the Senior Secured Floating Notes:

| | 3-month Euribor | | | | | | |
|---|---|---|---|---|---|---|---|
| | 0.00% | 0.10% | 0.20% | 0.30% | 0.50% | 0.70% | 1.00% |
| | (in millions of euros) | | | | | | |
| **Interest cost** | 22.5 | 23.0 | 23.6 | 24.1 | 25.1 | 26.1 | 27.7 |

#### 12.6.2 Foreign exchange risk

Following the disposal of the Poland business, as explained in Note 5.1.2.4, the Group does not have any subsidiaries whose functional currency is other than euro.

#### 12.6.3 Counterparty risk

The Group's policy is to verify up front the financial health of all customers that wish to obtain payment credit terms.

The Group has put in place procedures for monitoring outstanding receivables in order to reduce its credit default exposure. These procedures are based on classifying customers by type, payment history, past or present financial difficulties, and the existence of any legal proceedings.

Regarding the credit risk relating to the Group's other financial assets, particularly cash and cash equivalents, available-for-sale financial assets and some derivative instruments, the Group's exposure relates to potential defaults by the third parties concerned and its maximum exposure equals the carrying amount of these instruments.

#### 12.6.4 Liquidity risk

The Group's objective is to maintain a balance between the continuity and flexibility of financing through the use of bank borrowings, bonds, finance leases and purchases on credit.

#### 12.6.5 Capital management

The Group's main objective in terms of its capital management is to ensure that it maintains a good credit risk rating and healthy capital ratios so as to facilitate its operations and maximise value for shareholders

### 13 Income tax

The Group opted for tax consolidation in France. This option concerns all the Group's French companies with the exception of non-material subsidiaries.

### 13 Income tax (Continued)

*Income tax payable*

Income tax assets and liabilities payable in respect of the current year and previous years are valued at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws applied to determine said amounts are those that had been enacted or substantively enacted at the reporting date.

The tax payable in relation to items recorded directly in equity is recorded in equity rather than in the income statement.

The 2010 French Finance Act introduced the Territorial Economic Contribution (*Contribution Economique Territoriale*—CET), which includes the Company Value-Added Contribution (*Cotisation sur la Value Ajoutée des Entreprises*—CVAE). The Group has analysed the methods for determining said contribution with regard to the provisions adopted by the International Financial Reporting Interpretations Committee (IFRIC) and the French national accounting board (*Conseil National de la Comptabilité*—CNC) and it concluded that this contribution meets the definition of tax payable according to IAS 12. This contribution has therefore been classified in the "Income tax" line of the financial statements since 1 January 2010.

### 13.1 Tax expense

The tax benefit/ (expense) for the reference years is as follows:

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Current tax benefit/ (expense) | (4.2) | (3.9) |
| Deferred tax benefit | (2.9) | 4.0 |
| Company Value-Added Contribution (CVAE) | (5.4) | (5.6) |
| **Income tax benefit/ (expense)** | **(12.6)** | **(5.4)** |

#### 13.1.1 Tax proof

Reconciliation between the effective tax expense and the theoretical tax charge based on the tax rate applicable in France is as follows:

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| **Income (loss) before tax** | **16.3** | **37.9** |
| Theoretical tax: tax rate | 34.43% | 39.43% |
| **Theoretical tax benefit (expense)** | **(5.6)** | **(15.0)** |
| Differences in tax rates | 0.3 | 1.0 |
| Company Value-Added Contribution (CVAE) | (5.4) | (5.6) |
| Recognition and utilization of tax loss carryforwards—France | 4.4 | 8.5 |
| Permanent reintegration | 1.0 | 0.9 |
| Other | (7.3) | 4.5 |
| **Tax benefit (expense) recorded in the consolidated income statement** | **(12.6)** | **(5.6)** |
| Effective tax rate | 75.9% | 14.8% |

### 13.2 Deferred tax

Deferred tax is recorded using the balance sheet liability method for any timing differences existing at the reporting date between the tax base of the assets and liabilities and their carrying amount in the statement of financial position.

Deferred tax liabilities are recorded for any taxable timing differences while deferred tax assets are recorded for any deductible timing differences and unused tax losses and tax credits carried forward, to the extent that it is probable that a taxable profit will be available against which they may be offset. Deferred tax assets and

**13 Income tax (Continued)**

liabilities are valued at the tax rate that is expected to apply for the year in which the asset is realized or the liability settled, on the basis of tax rates (and tax rules) enacted or substantively enacted at the reporting date. Deferred taxes related to items recognized directly in equity is recorded in equity rather than in the income statement.

Deferred tax assets and liabilities are offset if there is a legally enforceable right of set-off and when they relate to the same taxable entity and tax authority.

Significant judgements and estimates

The calculation of the amount of deferred tax assets that can be recognized requires management to estimate how long it will take to use up the losses carried over and the level of future taxable profits in light of tax management strategies. Recognized deferred tax assets are calculated on the basis of the Group's six-year business plan for the year ended 31 December 2017 and of five-year business plan for the years ended 31 December 2016 and 2015.

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced if it no longer appears probable that sufficient taxable profits will be available against which some or all of said deferred tax assets can be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and recognized if it becomes likely that future taxable profits will be available against which they can be utilized.

Breakdown of deferred tax according to type before set off:

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Deferred tax on adjustments to pension liabilities for companies not consolidated for tax purposes | 0.8 | 0.5 |
| Deferred tax on recognition of loss carryforwards—France | 64.3 | 68.2 |
| Deferred tax on recognition of loss carryforwards—Belgium | — | 0.7 |
| Deferred tax on the remeasurement of the Autodistribution brand | 20.3 | 20.3 |
| Deferred tax on miscellaneous adjustments | 4.1 | 3.2 |
| **Deferred tax assets before set off** | **89.4** | 92.9 |

| | 2018 | 2017 |
|---|---|---|
| | (in millions of euros) | |
| Deferred tax on the remeasurement of the Autodistribution brand | (40.5) | (40.5) |
| Deferred tax on actuarial gains and losses on pension obligations | (1.3) | (1.2) |
| Deferred tax on acquisition of intangible assets through business combinations | (22.1) | (15.4) |
| Deferred tax on miscellaneous adjustments | (3.5) | (3.7) |
| **Deferred tax liabilities before set off** | (67.4) | (60.8) |
| **Deferred tax assets recognized in the statement of financial position** | **64.7** | **47.4** |
| **Deferred tax liabilities recognized in the statement of financial position** | **42.7** | **15.3** |

In 2006, the Group exercised the expanded tax base option (which allows offset of income from companies in a previous tax group against losses in the new tax group in which they belong) for companies Parts Europe (formerly Autodis) consolidates for tax purposes. This tax consolidation group's tax loss carry-forwards were offset against the taxable income of the profitable companies in an expanded base in 2018. There is also a French tax consolidation group whose parent company is Parts Holding Europe and which includes the companies acquired after 2006 and the companies in the expanded tax base (previously consolidated with Parts Europe for tax purposes).

In 2018, the French tax consolidation group result is nihil. In 2017, the tax group generated a tax benefits of €0.4 million.

**13 Income tax (Continued)**

According to French Finance Act of 2013, effective as of 31 December 2012, loss carry-forward is limited to €1.0 million plus 50% of the profit exceeding that amount. Taxable profit is calculated initially at the level of the expanded base by offsetting 50% of the tax loss carry-forwards. The result obtained is then included in the Parts Holding Europe tax consolidation group to which the 50% recognition limit for tax loss carryforwards also applies.

A tax planning exercise for operations in France was carried out on the basis of the six-year business plan for France to determine the future utilization of tax loss carry-forwards in light of existing offset rules and to assess the deferred tax asset to be recognized in the financial statements at 31 December 2018.

This exercise shows that €231.3 million in tax loss carry-forwards would be utilized, i.e., a tax saving of €64.3 million. As a precautionary measure, and as there is little visibility beyond the timeframe of the business plan, the deferred tax asset recognized in the financial statements was limited to this amount.

At 31 December 2018, tax loss carry-forwards, after utilizing €28.5 million in 2018, stood at €118.8 million for the expanded base and €284.6 million for the Parts Holding Europe tax consolidation group in France.

No other deferred tax asset was recorded in respect of consolidation adjustments likely to reverse in the long term. As these adjustments fall outside the time horizon of the Group's 2019 budget and the five-year business plan, the Group deemed it prudent not to record any deferred tax assets after the said period, except as a deduction from the deferred tax liabilities identified at the reporting date. At 31 December 2018, unrecognized tax loss carry-forwards amounts to €168.4 million.

**14 Issued capital and reserves**

| | Share capital | Consolidated reserves | Non- controlling interests | Total equity |
|---|---|---|---|---|
| | | (in millions of euros) | | |
| **At 31 December 2016** | **75.3** | **41.2** | **(0.6)** | **115.9** |
| Capital decrease | — | — | — | — |
| Other changes | — | (0.2) | — | (0.2) |
| Dividends paid | — | (40.0) | (0.4) | (40.4) |
| Net income for the year | — | 30.6 | 0.7 | 31.3 |
| Other comprehensive income/ (expense) | — | — | — | — |
| **At 31 December 2017** | **75.3** | **31.6** | **(0.3)** | **106.6** |
| IFRS9 impact | — | (0.9) | — | (0.9) |
| **At 1rst *January 2018** | **75.3** | **30.7** | **(0.3)** | **105.7** |
| Capital decrease | (7.0) | (58.4) | — | (65.4) |
| Other changes | | (2.0) | 1.4 | (0.7) |
| Dividends paid | | — | (0.3) | (0.3) |
| Net income for the year | | 3.4 | 0.3 | 3.7 |
| Other comprehensive income/ (expense) | | — | — | — |
| **At 31 December 2018** | **68.3** | **(26.3)** | **1.0** | **43.0** |

On 11 June 2015, the Group's sole shareholder decided to buy back the ordinary shares held by the previous owner of the Group, Parts Holdings Coöperatief UA, for an amount of €18,476,190.43 through a capital decrease in the same amount, which led to a €21,523,810 decrease in the Group's consolidated reserves.

On 15 November 2016, the share capital and reserves of Parts Holding Europe was reduced by €54,232,314.91 and €94,822,687, respectively, as a result of the bond issuance and other financing transactions.

As of 31 December 2017, the share capital of Parts Holding Europe amounted to €75,311,807.83, represented by 77,641,039 shares with a par value of €0.97. No preference shares were issued.

As of 31 December 2018, the share capital of Parts Holding Europe amounted to €68,263,141.45, represented by 35,187,186 shares with a par value of €1.94. No preference shares were issued.

## 15 Earnings per share

Basic earnings per share are calculated by dividing the net income for the period attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares held in treasury stock.

| | 2018 | 2017 |
|---|---|---|
| Net income from continuing operations attributable to owners of the parent *(in millions of euros)* | 3.4 | 31.9 |
| Weighted average number of ordinary shares *(in number of shares)* | 35,187,186 | 77,641,039 |
| **Total basic earnings per share** *(in euros per share)* | **0.097** | **0.411** |

The Group did not issue any dilutive equity instruments in 2018.

## 16 Commitments

### 16.1 Commitments under operating leases

The Group has entered into operating leases relating primarily to real estate and light and commercial vehicles, as well as payment terminals and miscellaneous IT and office equipment. The minimum future rents payable under non-cancellable operating leases are as follows at 31 December 2018 and 2017:

*16.1.1 Rent payables under operating leases at 31 December 2018*

| | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| | | (in millions of euros) | | |
| Real estate rental | 33.4 | 104.4 | 45.0 | **182.9** |
| Vehicle rental | 4.5 | 6.8 | — | **11.3** |
| Other | 2.0 | 2.8 | 0.2 | **5.0** |
| **Total** | **39.9** | **114.0** | **45.3** | **199.2** |

Rental expenses for 2018 amount to €48.7 million.

*16.1.2 Rent payables under operating leases at 31 December 2017*

| | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| | | (in millions of euros) | | |
| Real estate rental | 27.4 | 78.5 | 40.3 | **146.2** |
| Vehicle rental | 4.0 | 8.1 | — | **12.1** |
| Other | 1.7 | 3.1 | 0.1 | **5.0** |
| **Total** | **33.1** | **89.7** | **40.4** | **163.2** |

Rental expenses for 2017 amount to €43.1 million.

### 16.2 Guarantees

#### 16.2.1 Guarantees relating to the Senior Secured Notes and Super Senior Revolving Credit Facility Agreement

The assets pledged as collateral are those of Parts Holding Europe and Autodistribution.

## 16 Commitments (Continued)

*Pledges*

Four categories of asset have been pledged as part of the Senior Secured Notes and Super Senior Revolving Credit Facility Agreement financing arrangements:

- Pledge of equity interests:

  The following securities have been pledged as collateral under the financing arrangements:

| Pledged securities (In number of shares) | Parts Holding Europe | Autodis | SDFM | Magenta Auto Pièces | Auto-distribution |
|---|---|---|---|---|---|
| Parts Europe | 5,420,840,892 | | | | |
| Autodistribution | | 3,790,300 | 158,472 | 149,996 | |
| SDFM | | 175,297 | | | |
| Magenta Auto Pièces | | 8,557 | | | |
| Cora | | | | | 5,883 |
| Cofirhad | | | | | 195,170 |
| AD Grand Ouest | | | | | 1,815,040 |
| ACR | | | | | 1,770 |

- Pledge of bank accounts

  The following corporate bank accounts have been pledged as collateral under the financing arrangements:

| | Pledged bank accounts |
|---|---|
| Parts Holding Europe | BNP Paribas |
| Parts Europe | BNP Paribas |
| Autodistribution | BNP Paribas, Crédit Lyonnais, Natixis |
| Cora | Crédit Lyonnais |
| Cofirhad | BNP Paribas, La Banque Postale |
| AD Bassin Parisien | Crédit Lyonnais |
| AD Sud Ouest | BNP Paribas, Crédit Lyonnais |
| AD Grand Ouest | BNP Paribas, Crédit Lyonnais |
| ACR | Société Générale, Crédit Lyonnais |

- Pledged receivables

  The following intragroup receivables have been pledged as collateral under the financing arrangements:

| | Pledged intragroup receivables |
|---|---|
| Parts Holding Europe | Parts Europe |
| Parts Europe | Autodistribution, |
| Autodistribution | Magenta Auto Pièces, SDFM, Gibelin Espace Auto, Ile de France Poids Lourds, FPLS, FIA, Gadest, Autodistribution SOGO, Gadso, AD Grand Ouest, Etablissements Rembaud, AD Normandie Maine, Autodistribution Gobillot Rhône, Comptoir du Frein, Logisteo, Bremstar, Comptoir VI, Girde, Cogemad, Cofirhad, TCS, AD BPN, Val de Loire PL, Cora, Busnengo, Digital Aftermarket, STAC, Autodistribution Poids Lourds, Plateforme Technique Nationale Montajault |

- Pledge of the brands owned by Autodistribution:

  - "L'Autodistribution" (term) in France under registration number 1629230;

  - "Autodistribution" (semi-figurative) in France under registration number 1554818;

  - "AD" (term and design) in France under registration number 1629231.

*Assignments of receivables*

85% of the CICE tax credit receivables for 2013 and 2014 was financed with BPI France in 2014. The sale of the receivables did not lead to their derecognition, and they are not therefore offset against the debt with

## 16 Commitments (Continued)

respect to BPI France. During 2017, the Group received the 2013 CICE tax credit and repaid BPI France the full amount of financing related to the 2013 CICE tax credit receivables. During 2018, the Group received the 2014 CICE tax credit and repaid BPI France the full amount of financing related to the 2014 CICE tax credit receivables.

*Bank covenants*

The Revolving Credit Facility Agreement includes a covenant on the amount that may be financed. Financing added to the Senior Secured Notes divided by consolidated pro forma EBITDA may not exceed a ratio of 0.7:1. This covenant must be tested each quarter whenever drawdowns on the Revolving Credit Facility Agreement are equal to or greater than 35%.

The Doyen group must issue consolidated financial statements with minimum €20 million in adjusted shareholders' equity.

### 16.2.2 Other Group guarantees

The guarantees below were given by Autodistribution SA to FPLS group banks:

- Banque Populaire de l'Ouest: €1.2 million in respect of overdrafts plus €0.5 million in respect of the discount line.

The Doyen financing guarantees are described below:

- Doyen Auto and Doyen Auto Belgium: Club agreement with BNP Fortis, ING and KBC for €12.0 million.

An agreement was also signed with the supplier Akzo Nobel in June 2012 in which Autodistribution commits to minimum cumulative purchases of €55.0 million up to 2019. At 31 December 2018, cumulative purchases amounted to €63.5 million. The increase in purchases is attributable to the car paint platform.

### 16.3 Personal training account

The personal training account is managed by a third party through *Caisse des dépôts et consignations*. The related contributions—amounting to 0.2% of payroll—are paid over to Caisse des dépôts et consignations via two training organizations (OPCA and OPACIF). All of the Group's entities are subject to the rules governing the personal training account.

## 17 Transactions with related parties

### Relationship with the shareholder

The sole shareholder of Parts Holding Europe SAS is Dakar Acquisition SA, a subsidiary of Bain Capital. In 2017 and 2018, the Group paid management fees, including the sponsor fees, in the amount of €2.3 million and €1.9 million, respectively, to Dakar Acquisition SA and Dakar Intermediate Sarl.

### Relations with equity-accounted companies

Neoparts is an independent distributor with contractual relationships with the Autodistribution purchasing unit for automotive spare parts.

AD International is a company governed by Belgian law that negotiates preferential tariffs with suppliers for all members of the AD network. Each year, the Group receives end-of-year rebates depending on the volumes it has purchased.

Parts Holdings Italy was a wholly-owned subsidiary of the Group until the Group sold 80% of the shares to Giadi in 2013.

The Group did not have any significant intercompany transactions with these investees in the years ended 31 December 2018 and 2017. There are no restrictions on the transfer of funds with these entities or any unrecognized share of losses, in accordance with the equity method.

## 17 Transactions with related parties (Continued)

### Relationship with Parts Holding Europe managers

At the time of the acquisition of Parts Holding Europe, the new main shareholder, Bain Capital, entered into an arrangement with certain managers of the Group. Parts Holding Europe managers subscribed to shares in Dakar Holdings SCA at a price that approximates the market price of the underlying shares at the date of grant.

The Parts Holding Europe managers further agreed to sell back to Bain Capital the shares and preferred equity certificates ("PECs") in Dakar Holdings SCA in the event they leave the Group before a certain service period. The selling price of the shares and PECs is determined on the basis of a number of conditions including the service period and the nature of the departure (voluntary or dismissal).

In the Group's consolidated financial statements, this arrangement was classified within equity, as the Group did not have any obligation to settle the transaction with the Parts Holding Europe managers. In addition, since the investment by the Parts Holding Europe managers was measured at fair value, no expense was recognized in income for the year.

### 17.1 Management compensation

The key management personnel of a group are those persons having authority and responsibility for planning, managing and supervising the activities of the entity, directly or indirectly, including any director (executive or otherwise) of that entity.

The Group's key management personnel are the members of the Executive Committee, directors, area managers and brand general managers.

Compensation paid by the Group in 2018 and 2017 is set out in the table below.

| | 2018 | 2017(1) |
|---|---|---|
| | (in millions of euros) | |
| Basic salaries | 6.4 | 6.6 |
| Bonuses | 2.9 | 3.3 |
| Social security (excl. paid leave and termination benefits) | 4.0 | 3.8 |
| Other | 0.1 | 0.1 |
| **Personnel costs, net (excl. paid termination benefits)** | **13.4** | **13.8** |
| Termination benefits | 0.4 | 0.3 |
| **Personnel costs, net(*)** | **13.8** | **14.1** |

(1) Management personnel present at 31 December.

No directors' fees have been paid or are payable in 2018.

## 18 Events after the end of the reporting period

On January 30, 2019, the Group issued new Senior Secured Floating Rate Notes at Euribor + 5.5% rate due in 2022 for € 175.0 million, at an issue price of 99.25%. The refinancing fees amount to €3.0 million.

The proceeds from this additional notes issuance were used to repay the Revolving Credit Facility line of € 90.0 million. The remaining balance has been used to partially redeem the existing Senior Secured Floating Rate Notes at Euribor + 4.375% rate for € 72.0 million.

## 19 Fees paid to statutory auditors

Fees paid to the Group's statutory auditors in France and recognized in the consolidated statement of income are as follows:

| | Deloitte | | | | E&Y | | | | Others | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | % | | | | % | | | | % | |
| *(in millions of euros unless otherwise indicated)* | 18 | 17 | 18 | 17 | 18 | 17 | 18 | 17 | 18 | 17 | 18 | 17 |
| Statutory audit, certification and audit of the individual and consolidated financial statements | 1.3 | 0.9 | 68% | 88% | 0.9 | 0.8 | 64% | 80% | — | 0.2 | 9% | 53% |
| Other audit engagements | — | — | — | — | — | — | — | — | — | — | — | — |
| ***Subtotal*** | **1.3** | **0.9** | **68%** | **88%** | **0.9** | **0.8** | **64%** | **80%** | **—** | **0.2** | **9%** | **53%** |
| Tax services | — | — | 1% | 1% | — | — | — | — | — | — | — | — |
| Other non-audit services | 0.5 | 0.1 | 31% | 11% | 0.5 | 0.2 | 36% | 20% | — | 0.1 | 91% | 47% |
| ***Subtotal*** | **0.5** | **0.1** | **32%** | **12%** | **0.5** | **0.2** | **36%** | **20%** | **—** | **0.1** | **91%** | **47%** |
| **Total** | **1.8** | **1.0** | **100%** | **100%** | **1.5** | **1.0** | **100%** | **100%** | **—** | **0.3** | **100%** | **100%** |

## 20 Consolidated companies

At 31 December 2018 and 2017, the scope of consolidation was as follows:

| | Consolidation method | Country | % interest 2018 | % control 2018 | % interest 2017 | % control 2017 |
|---|---|---|---|---|---|---|
| PARTS HOLDING EUROPE SAS (formerly Autodis group) | Parent | France | 100,00 | 100,00 | 100,00 | 100,00 |
| ACR | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AD BASSIN PARISIEN NORD | Full | France | 99,99 | 100,00 | 99,99 | 100,00 |
| AD Belux | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| AD GOBILLOT RHONE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AD GRAND OUEST | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AD INTERNATIONAL | Equity method | Belgium | 14,90 | 14,90 | 20,00 | 20,00 |
| AD MANCHE CALVADOS | Full | France | 79,40 | 100,00 | 79,40 | 100,00 |
| AD NORMANDIE MAINE | Full | France | 79,40 | 100,00 | 79,40 | 100,00 |
| API Aube | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| API Marne | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Ariane | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AUTODIS | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Autodis Holding Italia SRL | Full | Italy | 55,00 | 100,00 | 55,00 | 100,00 |
| Autodis Italia Acquisti srl | Full | Italy | 100,0 | 100,00 | 70,00 | 100,00 |
| Autodis Italia SRL | Full | Italy | 100,00 | 100,00 | 100,00 | 100,00 |
| AUTODISTRIBUTION | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AUTODISTRIBUTION POIDS LOURDS (ex TRUCKS SERVICES OCCITANS) | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| AUTODISTRIBUTION SOGO | Full | France | 99,95 | 100,00 | 99,95 | 100,00 |
| AUTOMAX | Full | France | | | 100,00 | 100,00 |
| BDN—Grup EINA | Equity method | Spain | 37,50 | 37,50 | 37,50 | 37,50 |
| BREMSTAR | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| BUSNENGO | Full | France | 99,98 | 100,00 | 99,98 | 100,00 |
| COFIRHAD | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| COGEMAD | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| COMPTOIR DU FREIN | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| COMPTOIR VI | Full | France | 100,00 | 100,00 | 50,50 | 100,00 |
| CORA SAS | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| DIGITAL AFTERMARKET | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| DIGITAL AUTO PARTS HOLDING | Full | France | 100,00 | 100,00 | | |
| Doyen Auto Belgique | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| Doyen Auto France | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Doyen Auto Holding | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| Doyen Auto Pays Bas | Full | The Netherlands | 100,00 | 100,00 | 100,00 | 100,00 |
| VERVIERS FREINS | Full | Belgium | 100,00 | 100,00 | | |
| ETABLISSEMENT ROUGON QUEYREL 05 | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| ETABLISSEMENTS REMBAUD | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |

## 20 Consolidated companies (Continued)

| | Consolidation method | Country | % interest 2018 | % control 2018 | % interest 2017 | % control 2017 |
|---|---|---|---|---|---|---|
| FIA | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| FGL | Full | Italy | 55,00 | 100,00 | | |
| FPLS GROUPE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| FREIN SERVICE LYONNAIS | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| GADEST | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| GADSO | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| GENFIN SRL | Full | Italy | 55,00 | 100,00 | | |
| GENERAL AUTO SRL | Full | Italy | 55,00 | 100,00 | | |
| GENERAL PARTS SRL | Full | Italy | 55,00 | 100,00 | | |
| GLOBAL SERVICE SRL | Full | Italy | 55,00 | 100,00 | | |
| GP ITALIA SRL | Full | Italy | 55,00 | 100,00 | | |
| GSP EUROPE SRL | Full | Italy | 55,00 | 100,00 | | |
| GO LOGISTICS SRL | Full | Italy | 55,00 | 100,00 | | |
| GIBELIN | Full | France | 99,92 | 100,00 | 99,92 | 100,00 |
| GIRDE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| GLASS AUTO SERVICE | Full | France | 100,00 | 100,00 | | |
| ILE DE France POIDS LOURDS | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| IMPORTATION DISTRIBUTION COMPOSANTS FREINAGE | Full | France | | | | 100,00 |
| LOGISTEO | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| MAGENTA AUTOS PIECES | Full | France | 99,97 | 100,00 | 99,97 | 100,00 |
| MONDIAL PARE BRISE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| LOIRE PARE BRISE | Full | France | 100,00 | 100,00 | | |
| OVAM | Full | Italy | 55,00 | 100,00 | 55,00 | 100,00 |
| PAO | Full | Belgium | 100,00 | 100,00 | 100,00 | 100,00 |
| Partenaires produits et services (PPS) | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| PARTS Distributizione Italia | Equity method | Italy | 18,16 | 20,00 | 18,16 | 20,00 |
| PARTS HOLDINGS Italie | Equity method | Italy | 20,00 | 20,00 | 20,00 | 20,00 |
| Plateforme Tech. Nationale Montajault | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Port Marly Accessoires (PMA) | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| Proxi Pièces Auto (PPA) | Full | France | 95,00 | 100,00 | 95,00 | 100,00 |
| RICAUTO | Full | Italy | 55,00 | 100,00 | 55,00 | 100,00 |
| RM DISTRIBUTION | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SARCO | Equity method | Italy | 55,00 | 100,00 | 27,00 | 49,00 |
| SARL AUTO CONTRÔLE | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SARL FRA | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SARPI | Full | Italy | 33,00 | 60,00 | 33,00 | 60,00 |
| SCI LORAT | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SDFM | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| SERVICE SRL | Full | Italy | 55,00 | 100,00 | 55,00 | 100,00 |
| SIRAUTO SRL | Full | Italy | 29,70 | 54,00 | 29,70 | 54,00 |
| SLPA | Equity method | France | 49,00 | 49,00 | 49,00 | 49,00 |
| STATION TECHNIQUE AUTO CARROSSERIE | Full | France | | | 100,00 | 100,00 |
| TOP CAR | Full | Italy | 55,00 | 100,00 | 55,00 | 100,00 |
| TRUCK CAR SERVICES | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| VAL DE LOIRE PL | Full | France | 100,00 | 100,00 | 100,00 | 100,00 |
| VAD | Full | France | 100,00 | 100,00 | | |
| OSCARO Holding | Full | France | 82,49 | 100,00 | | |
| OSCARO.COM | Full | France | 82,49 | 100,00 | | |
| OLCANI | Full | France | 82,49 | 100,00 | | |
| OSCARIOS RECAMBIOS | Full | Spain | 82,49 | 100,00 | | |
| OSCARO BE | Full | Belgium | 82,49 | 100,00 | | |
| 3C.COM | Full | France | 82,49 | 100,00 | | |
| OLGA | Full | France | 82,49 | 100,00 | | |
| OSCARO PORTUGAL | Full | Portugal | 82,49 | 100,00 | | |
| GEEVERS AUTO PARTS (NETHERLANDS) | Full | France | 100,00 | 100,00 | | |
| AUTOPLAAT | Full | The Netherlands | 100,00 | 100,00 | | |
| GEEVERS AUTO PARTS (BELGIUM) | Full | Belgium | 100,00 | 100,00 | | |
| MANDAATPARTS | Full | The Netherlands | 100,00 | 100,00 | | |
| DISCOUNT DEPOT AUTOTEILE | Full | Germany | 100,00 | 100,00 | | |
| GEKA CAR PARTS | Full | The Netherlands | 100,00 | 100,00 | | |
| PRAEFECTUS | Full | The Netherlands | 100,00 | 100,00 | | |
| SSZ | Full | The Netherlands | 100,00 | 100,00 | | |

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# PARTS EUROPE S.A.

**€300,000,000 % Senior Secured Notes due 2025**

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## OFFERING MEMORANDUM

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*Global Coordinators and Joint Bookrunners*

**Citigroup** **BNP PARIBAS** **Société Générale**

*Joint Bookrunners*

**Credit Suisse** **Goldman Sachs International** **J.P. Morgan** **Morgan Stanley**

**Donnelley Financial Solutions 50236**